

Canada

Debates of the Senate

OFFICIAL REPORT
(HANSARD)

THE HONOURABLE MARK R. DROUIN,
SPEAKER

1959

SECOND SESSION, TWENTY-FOURTH PARLIAMENT
7-8 ELIZABETH II

The Session was opened on January 15, 1959
and was prorogued on July 18, 1959

THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1959

66972-1—A

THE MINISTRY

According to Precedence

JULY 18, 1959

THE RIGHT HONOURABLE JOHN GEORGE DIEFENBAKER, M.P.	Prime Minister
THE HONOURABLE HOWARD CHARLES GREEN, M.P.	Minister of Public Works and Secretary of State for External Affairs
THE HONOURABLE DONALD METHUEN FLEMING, M.P.	Minister of Finance and Receiver General
THE HONOURABLE ALFRED JOHNSON BROOKS, M.P.	Minister of Veterans Affairs
THE HONOURABLE GEORGE HEES, M.P.	Minister of Transport
THE HONOURABLE LÉON BALCER, M.P.	Solicitor General
THE HONOURABLE GEORGE RANDOLPH PEARKES, M.P.	Minister of National Defence
THE HONOURABLE GORDON MINTO CHURCHILL, M.P.	Minister of Trade and Commerce
THE HONOURABLE EDMUND DAVIE FULTON, M.P.	Minister of Justice and Attorney General
THE HONOURABLE GEORGE CLYDE NOWLAN, M.P.	Minister of National Revenue
THE HONOURABLE DOUGLAS SCOTT HARKNESS, M.P.	Minister of Agriculture
THE HONOURABLE ELLEN LOUKS FAIRCLOUGH, M.P.	Minister of Citizenship and Immigration
THE HONOURABLE J. ANGUS MACLEAN, M.P.	Minister of Fisheries
THE HONOURABLE MICHAEL STARR, M.P.	Minister of Labour
THE HONOURABLE WILLIAM MCLEAN HAMILTON, M.P.	Postmaster General
THE HONOURABLE JAMES MACKERRAS MACDONNELL, M.P.	Minister without Portfolio

66972-1—A½

THE HONOURABLE WILLIAM J. BROWNE, M.P.	Minister without Portfolio
THE HONOURABLE PAUL COMTOIS, M.P. .	Minister of Mines and Technical Surveys
THE HONOURABLE JAY WALDO MONTEITH, M.P.	Minister of National Health and Welfare
THE HONOURABLE FRANCIS ALVIN GEORGE HAMILTON, M.P.	Minister of Northern Affairs and National Resources
THE HONOURABLE RAYMOND JOSEPH MICHAEL O'HURLEY, M.P.	Minister of Defence Production
THE HONOURABLE HENRI COURTEMANCHE, M.P.	Secretary of State

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PRINCIPAL OFFICERS OF THE PRIVY COUNCIL

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

SENATORS OF CANADA

ACCORDING TO SENIORITY

JULY 18, 1959

THE HONOURABLE MARK R. DROUIN, SPEAKER

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
ARTHUR C. HARDY, P.C.	Leeds	Brockville, Ont.
DONAT RAYMOND	De la Vallière	Montreal, Que.
CAIRINE R. WILSON	Rockcliffe	Ottawa, Ont.
RALPH BYRON HORNER	Blaine Lake	Blaine Lake, Sask.
WALTER MORLEY ASELTINE	Rosetown	Rosetown, Sask.
FELIX P. QUINN	Bedford-Halifax	Bedford, N.S.
JOHN T. HAIG, P.C.	Winnipeg	Winnipeg, Man.
JOHN WALLACE DE B. FARRIS	Vancouver South	Vancouver, B.C.
ADRIAN K. HUGESSEN	Inkerman	Montreal, Que.
NORMAN P. LAMBERT	Ottawa	Ottawa, Ont.
ARTHUR LUCIEN BEAUBIEN	Provencher	St. Jean Baptiste, Man.
ARISTIDE BLAIS	St. Albert	Edmonton, Alta.
CHARLES BENJAMIN HOWARD	Wellington	Sherbrooke, Que.
SALTER ADRIAN HAYDEN	Toronto	Toronto, Ont.
NORMAN MCLEOD PATERSON	Thunder Bay	Fort William, Ont.
WILLIAM DAUM EULER, P.C.	Waterloo	Kitchener, Ont.
LÉON MERCIER GOUIN	De Salaberry	Montreal, Que.
THOMAS VIEN, P.C.	De Lorimier	Outremont, Que.
WILLIAM RUPERT DAVIES	Kingston	Toronto, Ont.
GORDON PETER CAMPBELL	Toronto	Toronto, Ont.
WISHART MCLEA ROBERTSON, P.C.	Shelburne	Truro, N.S.
TÉLESPHORE DAMIEN BOUCHARD	The Laurentides	St. Hyacinthe, Que.
CYRILLE VAILLANCOURT	Kennebec	Lévis, Que.
THOMAS ALEXANDER CRERAR, P.C.	Churchill	Winnipeg, Man.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
WILLIAM HORACE TAYLOR	Norfolk	R. R. 3, Brantford, Ont.
FRED WILLIAM GERSHAW	Medicine Hat	Medicine Hat, Alta.
JOHN POWER HOWDEN	St. Boniface	Norwood Grove, Man.
VINCENT DUPUIS	Rigaud	Montreal, Que.
CHARLES L. BISHOP	Ottawa	Ottawa, Ont.
JOHN JAMES KINLEY	Queens-Lunenburg	Lunenburg, N.S.
CLARENCE JOSEPH VENIOT	Gloucester	Bathurst, N.B.
ARTHUR WENTWORTH ROEBUCK	Toronto-Trinity	Toronto, Ont.
JOHN ALEXANDER MCDONALD	Kings	Halifax, N.S.
ALEXANDER NEIL MCLEAN	Southern New Brunswick	Saint John, N.B.
GEORGE PERCIVAL BURCHILL	Northumberland-Miramichi	South Nelson, N.B.
JEAN-MARIE DESSUREAULT	Stadacona	Quebec, Que.
PAUL HENRI BOUFFARD	Grandville	Quebec, Que.
JAMES GRAY TURGEON	Cariboo	Vancouver, B.C.
STANLEY STEWART MCKEEN	Vancouver	Vancouver, B.C.
THOMAS FARQUHAR	Algoma	Little Current, Ont.
JAMES WILLIE COMEAU	Clare	Comeauville, N.S.
THOMAS H. WOOD	Regina	Regina, Sask.
THOMAS VINCENT GRANT	Montague	Montague, P.E.I.
WILLIAM ALEXANDER FRASER	Trenton	Trenton, Ont.
WILLIAM HENRY GOLDING	Huron-Perth	Seaforth, Ont.
GEORGE H. BARBOUR	Prince	Charlottetown, P.E.I.
ALEXANDER BOYD BAIRD	St. John's	St. John's, Nfld.
RAY PETTEN	Bonavista	St. John's, Nfld.,
THOMAS REID	New Westminster	New Westminster, B.C.
J. WESLEY STAMBAUGH	Bruce	Bruce, Alta.
GORDON B. ISNOR	Halifax-Dartmouth	Halifax, N.S.
CALVERT C. PRATT	St. John's West	St. John's, Nfld.
MICHAEL G. BASHA	West Coast	Curling, Nfld.
MARIANA BEAUCHAMP JODOIN	Sorel	Montreal, Que.
MURIEL MCQUEEN FERGUSSON	Fredericton	Fredericton, N.B.
ALLAN L. WOODROW	Toronto Centre	Toronto, Ont.
FREDERICK GORDON BRADLEY, P.C	Bonavista-Twillingate	Bonavista, Nfld.
WILLIAM ROSS MACDONALD, P.C	Brantford	Brantford, Ont.
JOSEPH ARTHUR BRADETTE	Cochrane	Cochrane, Ont.
LEONARD DAVID SWEEZEY TREMBLAY	Lauzon	St. Malachie, Que.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
SARTO FOURNIER	De Lanaudière	Montreal, Que.
AUREL D. LÉGER	Kent	Grande Digue, N.B.
JOHN J. CONNOLLY	Ottawa West	Ottawa, Ont.
NANCY HODGES	Victoria	Victoria, B.C.
DONALD CAMERON	Banff	Edmonton, Alta.
WILLIAM M. WALL	Winnipeg	Winnipeg, Man.
DAVID A. CROLL	Toronto-Spadina	Toronto, Ont.
THOMAS D'ARCY LEONARD	Toronto-Rosedale	Toronto, Ont.
FRED A. MCGRAND	Sunbury	Fredericton Junction, N.B.
CALIXTE F. SAVOIE	L'Acadie	Moncton, N.B.
DONALD SMITH	Queens-Shelburne	Liverpool, N.S.
HAROLD CONNOLLY	Halifax North	Halifax, N.S.
FLORENCE ELSIE INMAN	Murray Harbour	Montague, P.E.I.
HARTLAND DE MONTARVILLE MOLSON	Alma	Montreal, Que.
CHARLES GAVAN POWER, P.C.	Gulf	St. Pacome, Que.
JEAN-FRANÇOIS POULIOT	De la Durantaye	Rivière du Loup, Que.
SYDNEY JOHN SMITH	Kamloops	Kamloops, B.C.
AUSTIN CLAUDE TAYLOR	Westmorland	Salisbury, N.B.
WILLIAM ALBERT BOUCHER	Prince Albert	Prince Albert, Sask.
HENRI CHARLES BOIS	Montarville	St. Bruno, Chambly Co., Que.
J. EUGÈNE LEFRANÇOIS	Repentigny	Montreal, Que.
GEORGE STANLEY WHITE	Hastings-Frontenac	Madoc, Ont.
MARK ROBERT DROUIN (Speaker)	La Salle	Quebec, Que.
CLARENCE V. EMERSON	Saint John-Albert	Saint John, N.B.
JOSEPH A. SULLIVAN	North York	Toronto, Ont.
WILLIAM RALPH BRUNT	Hanover	Hanover, Ont.
ARTHUR M. PEARSON	Lumsden	Lumsden, Sask.
LÉON MÉTHOT	Shawinigan	Trois Rivières, Que.
GUSTAVE MONETTE	Mille Isles	Montreal, Que.
JOHN JOSEPH MACDONALD	Queens	R.R. 9, Charlottetown, P.E.I.
GUNNAR S. THORVALDSON	Winnipeg South	Winnipeg, Man.
JAMES GLADSTONE	Lethbridge	Cardston, Alta.
LIONEL CHOQUETTE	Ottawa East	Ottawa, Ont.
JOHN G. HIGGINS	St. John's East	St John's, Nfld.
JOHN ALEXANDER BUCHANAN	Edmonton	Edmonton, Alta.
JOHN HNATYSHYN	Saskatoon	Saskatoon, Sask.

SENATORS OF CANADA

ALPHABETICAL LIST

JULY 18, 1959

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
ASELTINE, W. M.	Rosetown	Rosetown, Sask.
BAIRD, A. B.	St. John's	St. John's, Nfld.
BARBOUR, GEORGE H.	Prince	Charlottetown, P.E.I.
BASHA, MICHAEL G.	West Coast	Curling, Nfld.
BEAUBIEN, ARTHUR L.	Provencher	St. Jean Baptiste, Man.
BISHOP, CHARLES L.	Ottawa	Ottawa, Ont.
BLAIS, ARISTIDE	St. Albert	Edmonton, Alta.
BOIS, HENRI C.	Montarville	St. Bruno, Chambly Co., Que.
BOUCHARD, T. D.	The Laurentides	St. Hyacinthe, Que.
BOUCHER, WILLIAM A.	Prince Albert	Prince Albert, Sask.
BOUFFARD, PAUL H.	Grandville	Quebec, Que.
BRADETTE, JOSEPH A.	Cochrane	Cochrane, Ont.
BRADLEY, F. GORDON, P.C.	Bonavista-Twillingate	Bonavista, Nfld.
BRUNT, WILLIAM R.	Hanover	Hanover, Ont.
BUCHANAN, JOHN A.	Edmonton	Edmonton, Alta.
BURCHILL, G. PERCIVAL	Northumberland-Miramichi	South Nelson, N.B.
CAMERON, DONALD	Banff	Edmonton, Alta.
CAMPBELL, G. PETER	Toronto	Toronto, Ont.
CHOQUETTE, LIONEL	Ottawa East	Ottawa, Ont.
COMEAU, J. W.	Clare	Comeauville, N.S.
CONNOLLY, HAROLD	Halifax North	Halifax, N.S.
CONNOLLY, JOHN J.	Ottawa West	Ottawa, Ont.
CRERAR, T. A., P.C.	Churchill	Winnipeg, Man.
CROLL, DAVID A.	Toronto-Spadina	Toronto, Ont.
DAVIES, W. RUPERT	Kingston	Toronto, Ont.
DESSUREAULT, J.-M.	Stadacona	Quebec, Que.
DROUIN, MARK R., (Speaker)	La Salle	Quebec, Que.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
DUPUIS, VINCENT	Rigaud	Montreal, Que.
EMERSON, CLARENCE V.	Saint John-Albert	Saint John, N.B.
EULER, W. D., P.C.	Waterloo	Kitchener, Ont.
FARQUHAR, THOMAS	Algoma	Little Current, Ont.
FARRIS, J. W. DE B.	Vancouver South	Vancouver, B.C.
FERGUSSON, MURIEL McQ.	Fredericton	Fredericton, N.B.
FOURNIER, SARTO	De Lanaudière	Montreal, Que.
FRASER, WILLIAM A.	Trenton	Trenton, Ont.
GERSHAW, F. W.	Medicine Hat	Medicine Hat, Alta.
GLADSTONE, JAMES	Lethbridge	Cardston, Alta.
GOLDING, WILLIAM H.	Huron-Perth	Seaforth, Ont.
GOUIN, L. M.	De Salaberry	Montreal, Que.
GRANT, THOMAS V.	Montague	Montague, P.E.I.
HAIG, JOHN T., P.C.	Winnipeg	Winnipeg, Man.
HARDY, ARTHUR C., P.C.	Leeds	Brockville, Ont.
HAYDEN, SALTER A.	Toronto	Toronto, Ont.
HIGGINS, JOHN G.	St. John's East	St. John's, Nfld
HNATYSHYN, JOHN	Saskatoon	Saskatoon, Sask.
HODGES, NANCY	Victoria	Victoria, B C.
HORNER, R. B.	Blaine Lake	Blaine Lake, Sask.
HOWARD, CHARLES B.	Wellington	Sherbrooke, Que.
HOWDEN, JOHN P.	St. Boniface	Norwood Grove, Man.
HUGESSEN, A. K.	Inkerman	Montreal, Que.
INMAN, F. ELSIE	Murray Harbour	Montague, P.E.I
ISNOR, GORDON B.	Halifax-Dartmouth	Halifax, N.S.
JODOIN, MARIANA B.	Sorel	Montreal, Que.
KINLEY, JOHN J.	Queens-Lunenburg	Lunenburg, N.S.
LAMBERT, NORMAN P.	Ottawa	Ottawa, Ont.
LEFRANÇOIS, J. EUGÈNE	Repentigny	Montreal, Que.
LÉGER, AUREL D.	Kent	Grande Digue, N.B.
LEONARD, T. D'ARCY	Toronto-Rosedale	Toronto, Ont.
MACDONALD, JOHN J.	Queens	R.R. 9, Charlottetown, P.E.I.
MACDONALD, W. ROSS, P.C.	Brantford	Brantford, Ont.
MCDONALD, JOHN A.	Kings	Halifax, N.S.
MCGRAND, FRED A.	Sunbury	Fredericton Junction, N.B.
MCKEEN, STANLEY S.	Vancouver	Vancouver, B.C.
MCLEAN, A. NEIL	Southern New Brunswick	Saint John, N.B.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
MÉTHOT, LÉON	Shawinigan	Trois Rivières, Que.
MOLSON, HARTLAND DE M.	Alma	Montreal, Que.
MONETTE, GUSTAVE	Mille Isles	Montreal, Que.
PATERSON, NORMAN McL.	Thunder Bay	Fort William, Ont.
PEARSON, ARTHUR M.	Lumsden	Lumsden, Sask.
PETTEN, RAY	Bonavista	St. John's, Nfld.
POULIOT, JEAN-FRANÇOIS	De la Durantaye	Rivière du Loup, Que.
POWER, C. G., P.C.	Gulf	St. Pacome, Que.
PRATT, CALVERT C.	St. John's West	St. John's, Nfld.
QUINN, FELIX P.	Bedford-Halifax	Bedford, N.S.
RAYMOND, DONAT	De la Vallière	Montreal, Que.
REID, THOMAS	New Westminster	New Westminster, B.C.
ROBERTSON, WISHART McL., P.C.	Shelburne	Truro, N.S.
ROEBUCK, ARTHUR W.	Toronto-Trinity	Toronto, Ont.
SAVOIE, CALIXTE F.	L'Acadie	Moncton, N.B.
SMITH, DONALD	Queens-Shelburne	Liverpool, N.S.
SMITH, SYDNEY J.	Kamloops	Kamloops, B.C.
STAMBAUGH, J. WESLEY	Bruce	Bruce, Alta.
SULLIVAN, JOSEPH A.	North York	Toronto, Ont.
TAYLOR, AUSTIN C.	Westmorland	Salisbury, N.B.
TAYLOR, WILLIAM H.	Norfolk	R. R. 3, Brantford, Ont.
THORVALDSON, GUNNAR S.	Winnipeg South	Winnipeg, Man.
TREMBLAY, LEONARD D. SWEEZEY	Lauzon	St. Malachie, Que.
TURGEON, GRAY	Cariboo	Vancouver, B.C.
VAILLANCOURT, CYRILLE	Kennebec	Lévis, Que.
VENIOT, CLARENCE J.	Gloucester	Bathurst, N.B.
VIEN, THOMAS, P.C.	De Lorimier	Outremont, Que.
WALL, WILLIAM M.	Winnipeg	Winnipeg, Man.
WHITE, GEORGE S.	Hastings-Frontenac	Madoc, Ont.
WILSON, CAIRINE R.	Rockcliffe	Ottawa, Ont.
WOOD, THOMAS H.	Regina	Regina, Sask.
WOODROW, ALLAN L.	Toronto Centre	Toronto, Ont.

SENATORS OF CANADA

BY PROVINCES

JULY 18, 1959

ONTARIO—24

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

QUEBEC—24

	SENATORS	ELECTORAL DIVISION	POST OFFICE ADDRESS
	THE HONOURABLE		
1	DONAT RAYMOND	De la Vallière	Montreal.
2	ADRIAN K. HUGESSEN	Inkerman	Montreal.
3	CHARLES BENJAMIN HOWARD	Wellington	Sherbrooke.
4	LÉON MERCIER GOUIN	De Salaberry	Montreal.
5	THOMAS VIEN, P.C.	De Lorimier	Outremont.
6	TÉLESPHORE DAMIEN BOUCHARD	The Laurentides	St. Hyacinthe.
7	CYRILLE VAILLANCOURT	Kennebec	Lévis.
8	VINCENT DUPUIS	Rigaud	Montreal.
9	JEAN-MARIE DESSUREAULT	Stadacona	Quebec.
10	PAUL HENRI BOUFFARD	Grandville	Quebec.
11	MARIANA BEAUCHAMP JODOIN	Sorel	Montreal.
12	LEONARD DAVID SWEEZEY TREMBLAY	Lauzon	St. Malachie.
13	SARTO FOURNIER	De Lanaudière	Montreal.
14	HARTLAND DE MONTARVILLE MOLSON	Alma	Montreal.
15	CHARLES GAVAN POWER, P.C.	Gulf	St. Pacome.
16	JEAN-FRANÇOIS POULIOT	De la Durantaye	Rivière du Loup.
17	HENRI CHARLES BOIS	Montarville	St. Bruno, Chambly Co.
18	J. EUGÈNE LEFRANÇOIS	Repentigny	Montreal
19	MARK ROBERT DROUIN, (Speaker)	La Salle	Quebec.
20	LÉON MÉTHOT	Shawinigan	Trois-Rivières.
21	GUSTAVE MONETTE	Mille Isles	Montreal.
22			
23			
24			

NOVA SCOTIA—10

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

NEW BRUNSWICK—10

	THE HONOURABLE		
1	CLARENCE JOSEPH VENIOT	Gloucester	Bathurst.
2	ALEXANDER NEIL MCLEAN	Southern New Brunswick	Saint John.
3	GEORGE PERCIVAL BURCHILL	Northumberland-Miramichi	South Nelson.
4	MURIEL MCQUEEN FERGUSSON	Fredericton	Fredericton.
5	AUREL D. LÉGER	Kent	Grande Digue.
6	FRED A. MCGRAND	Sunbury	Fredericton Junction.
7	CALIXTE F. SAVOIE	L'Acadie	Moncton.
8	AUSTIN CLAUDE TAYLOR	Westmorland	Salisbury.
9	CLARENCE V. EMERSON	Saint John-Albert	Saint John.
10			

PRINCE EDWARD ISLAND—4

	THE HONOURABLE		
1	THOMAS VINCENT GRANT	Montague	Montague.
2	GEORGE H. BARBOUR	Prince	Charlottetown.
3	FLORENCE ELSIE INMAN	Murray Harbour	Montague.
4	JOHN JOSEPH MACDONALD	Queens	R.R. 9, Charlottetown.

BRITISH COLUMBIA—6

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

MANITOBA—6

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

SASKATCHEWAN—6

THE HONOURABLE		
1 RALPH BYRON HORNER	Blaine Lake	Blaine Lake.
2 WALTER M. ASELTINE	Rosetown	Rosetown.
3 THOMAS H. WOOD	Regina	Regina.
4 WILLIAM ALBERT BOUCHER	Prince Albert	Prince Albert.
5 ARTHUR M. PEARSON	Lumsden	Lumsden.
6 JOHN HNATYSHYN	Saskatoon	Saskatoon.

ALBERTA—6

THE HONOURABLE		
1 ARISTIDE BLAIS	St. Albert	Edmonton.
2 FRED WILLIAM GERSHAW	Medicine Hat	Medicine Hat.
3 J. WESLEY STAMBAUGH	Bruce	Bruce.
4 DONALD CAMERON	Banff	Edmonton.
5 JAMES GLADSTONE	Lethbridge	Cardston.
6 JOHN ALEXANDER BUCHANAN	Edmonton	Edmonton.

NEWFOUNDLAND—6

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

THE SENATE

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Assistant Gentleman Usher of the Black Rod	C. B. Larose
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CANADA

Debates of the Senate

OFFICIAL REPORT

THE SENATE

Thursday, January 15, 1959

OPENING OF SECOND SESSION TWENTY-FOURTH PARLIAMENT

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

The Senate met at 10.30 a.m.

Prayers.

COMMUNICATIONS FROM GOVERNOR GENERAL'S SECRETARY

The Hon. the Speaker: Honourable senators, I have received the following communication:

GOVERNMENT HOUSE
Ottawa

December 17, 1958

Sir,

I have the honour to inform you that His Excellency the Governor General will arrive at the main entrance of the Houses of Parliament at 3.00 p.m. on Thursday, the 15th January, 1959, and, when it has been signified that all is in readiness, will proceed to the Senate Chamber to open formally the Second Session of the Twenty-fourth Parliament of Canada.

I have the honour to be,
Sir,
Your obedient servant,
Lionel Massey,
Secretary to the Governor General

The Honourable
The Speaker of the Senate,
The Senate,
Ottawa

On motion of Hon. Mr. Aseltine, seconded by Hon. Mr. Brunt, the Senate adjourned until 2.50 p.m.

SECOND SITTING

The Senate met at 2.50 p.m., the Speaker in the Chair.

Prayers.

The Senate adjourned during pleasure.

SPEECH FROM THE THRONE

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

Honourable Members of the Senate,

Members of the House of Commons,

I welcome you as you foregather to resume your parliamentary duties.

All Canadians look forward with the greatest pleasure to the forthcoming visit to Canada of Her Gracious Majesty the Queen and His Royal Highness, the Prince Philip, on the occasion of the official opening of the St. Lawrence Seaway. It is particularly gratifying that Her Majesty also plans to visit all the provinces and the two territories in order to meet her Canadian subjects in many parts of our country.

Canada's close relations with the other countries of the commonwealth, and the sense of community of interest within this association of free nations itself, have been confirmed and vitalized by the recent visit of my Prime Minister to the commonwealth capitals of the United Kingdom, Pakistan, India, Ceylon, Malaya, Singapore, Australia and New Zealand. These consultations between heads of government provided an opportunity for an exchange of views on international questions, on the possibilities for expanding trade and on other problems of mutual concern.

Canadians recognize that the most pressing need of all nations is an enduring peace. My Government will continue to work steadfastly and in a spirit of genuine co-operation towards the settlement of outstanding issues which threaten that peace.

My ministers are concerned over recent developments in the Berlin situation. They deplore the attempt by the Soviet Union to abrogate unilaterally the inter-allied agreements relating to Berlin, and they believe that the freedom of West Berlin must be assured pending agreement on the establishment of a united and free Germany.

My ministers have been pleased to note that some advance has been made during the past year in the vital field of disarmament. The drafting of an agreement for the discontinuance of nuclear weapons tests is a hopeful beginning.

It is Canada's desire that the scientific achievements which now have made possible the penetration of outer space should be a blessing to all mankind. My Government is convinced that international agreement must be reached without delay to ensure that outer space is used only for peaceful purposes with full co-operation among all nations.

In concert with its allies in the North Atlantic Treaty Organization, Canada has reaffirmed its determination to maintain and improve the power of the alliance as a deterrent against aggression. You will be asked to provide for maintaining the effective power of Canada's defence forces. The importance of the alliance was re-emphasized by the visit of my Prime Minister to the United Kingdom, France, West Germany and Italy. His consultations with the heads of government in those countries included trade and economic policies, as well as the more general questions confronting the alliance.

Discussions are taking place with the Government of the United States to enable Canadian industry to share in the production of equipment being procured by the United States for joint defence purposes.

My ministers continue to recognize the necessity of providing economic assistance to under-developed nations. Approval will be sought for the appropriations needed for this purpose, so that Canada may play its full part in helping the emerging states of Asia and Africa, particularly those in the commonwealth.

My ministers expect that the increases which have been proposed in the resources of the International Bank and the International Monetary Fund will be approved by the votes of the member countries and when that has occurred you will be asked to approve the necessary legislation to implement these important measures for improving the facilities for financing world trade and economic development.

In response to suggestions put forward by my Government, a Commonwealth Trade and Economic Conference was held in Montreal last September. This meeting, one of the most important in the history of the commonwealth, was attended by ministers representing the self-governing nations of the commonwealth and the countries now looking forward to obtaining full sovereignty. A large measure of agreement was reached on trade and economic matters. This has led to far-reaching decisions on the part of the United Kingdom and other countries to restore convertibility of their currencies and to remove restrictions on imports.

My Government has taken action to reduce unemployment by expediting national works programs, by programs undertaken in co-operation with the provinces, and by encouraging Canadians generally to undertake constructive activities particularly in the winter season. You will be asked to assist the municipalities of Canada in the financing of work on construction projects which would not otherwise have been undertaken during the winter months.

Certain amendments to the Unemployment Insurance Act will be submitted to you.

My Government welcomes the evidence of recovery from the recession and will continue to foster and assist this improvement. They believe that as recovery proceeds there will be increasing need for care to preserve the stability and purchasing power of our currency.

My Government will continue in its economic policies to lay emphasis upon national development. My ministers believe that by the wise use of the resources with which nature has endowed this country, Canadians can achieve a continually rising standard of living. My Government will therefore foster and encourage the proper development and use of these resources and the growth of efficient industry based upon them. Many projects for national development have already been put in hand; you will be asked to vote the supply necessary to continue these projects and to initiate others.

Additional legislation in the field of agriculture will be recommended. A measure will be laid before you to institute a system of crop insurance in co-operation with such provinces as so desire. You will also be invited to make a comprehensive review and revision of the legislation concerning farm credit, in order that credit may be more effective in assisting in the development and maintenance of an efficient and prosperous agriculture.

You will be asked to enact a Bill of Rights which will make manifest the intent that fundamental rights and freedoms shall prevail and remain inviolate in all matters within the competence of Parliament.

At the earliest opportunity you will be invited to authorize the establishment of a National Energy Board to ensure, so far as it lies within the jurisdiction of Parliament, that Canada's energy resources are used effectively and prudently to the best advantage of Canadians.

My ministers have been gratified to see the all-time record in house construction which has been made possible by Government loans under the National Housing Act.

They will recommend to you further amendments to that act to continue this program and to encourage the flow of private funds into mortgages.

For the purpose of increasing the range and effectiveness of the guarantees provided for financing exports, you will be asked to make certain amendments to the Export Credits Insurance Act.

My Government will place before you certain amendments to the laws respecting trade practices.

You will be asked to consider a bill containing numerous amendments to the Canada Shipping Act.

My Government will request your approval of its participation in a contributory plan to provide medical benefits for civil servants pursuant to recommendations of the National Joint Council of the Public Service.

A comprehensive review of the provisions of the Veterans' Land Act will be proposed and amendments to ensure that veteran farmers also can take greater advantage of modern agricultural practices. Amendments to the Veterans Rehabilitation Act and the War Service Grants Act will also be recommended.

My Government will recommend an amendment to the Federal-Provincial Tax Sharing Arrangements Act to extend for another year the increase made last year in the provincial share of personal income tax revenue.

My Government proposes that the entire subject of financial relations between the dominion and the provinces shall receive continued active co-operative study. All provincial Governments are being asked to agree to the use, for this purpose, of the machinery of the existing Federal-Provincial Continuing Committee on Fiscal and Economic Matters working under the direction of a committee consisting of the Minister of Finance and all provincial Treasurers.

My ministers will recommend to you action to alleviate the discriminatory effects of the recent horizontal increase in freight rates.

Recommendations for a number of changes in the Criminal Code will be placed before you including some to strengthen the provisions respecting obscene literature.

My ministers will propose to you measures to revise the Royal Canadian Mounted Police Act and to revise and consolidate the relevant pension provisions.

You will be asked to approve a statute to authorize the appointment of Parliamentary Secretaries to Ministers of the Crown.

My Government will put forward a resolution to establish a Joint Committee of both houses to review the Indian Act and the administration of Indian affairs.

A recommendation will be placed before you for a statute to continue on a permanent basis the supplementary pensions for retired civil servants, members of the armed services and of the Royal Canadian Mounted Police that were provided on an interim basis by an appropriation last year.

My ministers will recommend an increase in the total funds that may be expended under the Trans-Canada Highway Act.

You will be asked to revise the Seeds Act, to approve and implement by statute an agreement with the Province of New Brunswick concerning Indian lands, and to extend the Fisheries Improvement Loans Act for a further three years.

You will also be asked to amend the Northwest Territories Act, the Public Lands Grants Act, the National Defence Act, the Defence Services Pension Act, the Broadcasting Act, the Public Servants Inventions Act and certain other statutes.

Members of the House of Commons,

You will be invited to establish a special committee of the House to review broadcasting policy and operations.

It will be proposed that the Standing Committee on Privileges and Elections review the Elections Act in preparation for subsequent legislation.

It will also be proposed that the question of ensuring the use of humane methods in the slaughtering of animals be referred to the Standing Committee on Agriculture for consideration.

You will be asked to appropriate the sums required for carrying on the government of Canada during the next fiscal year.

Honourable Members of the Senate,

Members of the House of Commons,

May Divine Providence bless you and guide you in your duties.

The House of Commons withdrew.

His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

RAILWAYS BILL

FIRST READING

Hon. Mr. Brunt presented Bill S-1, relating to railways.

Bill read first time.

SPEECH FROM THE THRONE

CONSIDERATION ON JANUARY 20

The Hon. the Speaker: Honourable senators, I have the honour to inform you that His Excellency has caused to be placed in

my hands a copy of his speech delivered this day from the Throne to the two houses of Parliament. It is as follows:

Hon. Senators: Dispense.

Hon. Mr. Brunt moved, seconded by Hon. Mr. Pearson:

That the Speech of His Excellency the Governor General be taken into consideration on Tuesday, January 20, 1959.

Motion agreed to.

COMMITTEE ON ORDERS AND PRIVILEGES

APPOINTMENT

Hon. Mr. Brunt, with leave of the Senate, moved, seconded by Hon. Mr. Monette:

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

Motion agreed to.

COMMITTEE OF SELECTION

APPOINTMENT

Hon. Mr. Brunt, with leave of the Senate, moved, seconded by Hon. Mr. Horner:

That pursuant to Rule 77, the following senators, to wit: the Honourable Senators Aseltine, Beaubien, Brunt, Macdonald, Monette, Quinn, Taylor (Norfolk), Thorvaldson, Vaillancourt and White be appointed a Committee of Selection to nominate senators to serve on the several Standing Committees during the present session; and to report with all convenient speed the names of the senators so nominated.

Motion agreed to.

ADJOURNMENT

Hon. Mr. Brunt: With leave of the Senate, I move that when the Senate adjourns today it stand adjourned until Tuesday, January 20, at 8 o'clock in the evening.

Motion agreed to.

The Senate adjourned until Tuesday, January 20, at 8 p.m.

THE SENATE

Tuesday, January 20, 1959

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

Prayers.

ROYAL VISIT

ITINERARY OF TOUR OF CANADA BY THE QUEEN AND PRINCE PHILIP

Hon. W. M. Aseltine: Honourable senators, at this time I think I should make a brief statement with respect to the royal visit.

You are no doubt all aware of the coming visit to Canada of Her Majesty Queen Elizabeth and His Royal Highness Prince Philip. During that visit Her Majesty will officiate at ceremonies being held in connection with opening of the St. Lawrence Seaway.

Our Queen is expected to arrive in Canada, in the province of Newfoundland, on or about the 18th day of June, and will be in Ottawa on July 1st for the purpose of celebrating our national birthday. The royal party will spend some six weeks in Canada, and during that period will visit many parts of this country which have never been visited before by any King or Queen of Canada.

I have just received from the office of the Prime Minister a copy of the itinerary, which, with the leave of the house, I will table and ask that it be printed as an appendix to today's *Hansard*, so that all honourable senators will have a copy of it.

Hon. Senators: Agreed.

See Appendix "A" to today's Hansard, *pp. 12-15.*

Hon. Mr. Aseltine: It stands to reason that more details as to dates, times, proceedings and other matters will be furnished in the near future, shortly before the visit.

In my opinion, honourable senators, this visit will be one of the great events of Canadian history. It is my hope that, if this session of Parliament is about ready to be prorogued before Her Majesty leaves Canada for her return home, she will be able to preside here on that occasion.

Hon. W. Ross Macdonald: Honourable senators, I am sure we all agree with the suggestion of the honourable Leader of the Government (Hon. Mr. Aseltine) that the itinerary should appear in our *Hansard* so that it will be available to every member of the Senate. If there is a motion I will second it now. I am sure all honourable senators were very pleased to read in the press some time ago that Her Majesty Queen Elizabeth II and Prince Philip will visit Canada this summer, and now we are happy to hear this news made official by the announcement just made by the honourable Leader of the Government.

I join with the honourable leader in expressing the wish that Her Majesty will be able to prorogue Parliament when she is in Ottawa, on July 1. I would suggest that no time of Parliament at this session should be wasted on unnecessary debate which might prevent that event from taking place. I can assure the honourable Leader of the Government that no unnecessary debate will take place from this side of the house.

Hon. Mr. Roebuck: Perhaps the Government will bring down its legislation in time this session.

Hon. Mr. Macdonald: I know there is quite a feeling of disappointment throughout he land, especially on the part of many young people, because Prince Charles, the Prince of Wales, and his lovely little sister, Princess Anne, will not accompany their royal parents to Canada. However, on account of their ages I think that a visit by them at this time would not be advisable. But I feel sure that all Canadians look forward to the day when we can welcome to our shores not only our beloved Sovereign and Prince Philip, but also the heir to the throne and Princess Anne.

THE LATE SENATOR NICOL

TRIBUTES

Hon. W. M. Aseltine: Honourable senators, before we proceed with the regular work this evening I have a sad duty to perform, and that is to refer to the passing of the late Honourable Senator Jacob Nicol.

Senator Nicol was a great friend of most of us in this chamber, and we all regretted very much to learn of his death on September 23 last, very shortly after the last session of Parliament was prorogued. I had been intimately acquainted with him for more than fifteen years. His room in the Senate was next door to the one occupied by the honourable senator from Blaine Lake (Hon. Mr. Horner) and myself for twenty years or more, and whenever Senator Nicol came to Ottawa to attend to his business here he visited us, and we learned from him many of the wonderful things that had happened to him during his lifetime. He told us about his university career—how he had gone to, I think, three universities, and graduated from all of them, and he explained to us the letters which appear after his name in the *Canadian Parliamentary Guide*—more letters, I would say, than appear after the name of any other senator, namely, B.A., LL.M., Q.C., D.C.L.,

LL.D. After graduating from the universities, he qualified as an advocate in the province of Quebec, and practised for many years in the Sherbrooke district, where he was exceptionally well known to our honourable colleague from Wellington, (Hon. Mr. Howard). Senator Nicol told us about his legal affairs, and from what he said I gathered that he was very successful; in fact, he used his profession as a lawyer to advance himself in many of his business connections. Then a little later he stood for the legislature in the province of Quebec and was elected in 1921, and immediately became, so I am informed, Provincial Treasurer, which office he held until 1929. At that time he was named to the Legislative Council of Quebec, and this appointment he held up to the time of his death. He was, therefore, a member of the Legislative Council of Quebec when he became a member of the Senate of Canada, and his is the distinction of having remained a member of both houses over the intervening years. In other words, he continued to function in both capacities.

During the time that he was practising law and building up a business he became interested in newspaper work and he established and managed four daily newspapers in the province of Quebec. But shortly after coming to this house he advised me that he had sold out his interests and that he was going to give his whole attention to his political duties.

Senator Nicol was, in my opinion, a very kindly man. He was generous to a fault. He believed in helping those people who helped themselves, but he was not inclined to be so generous to people who were not doing their best to get along. He was a shrewd businessman. He was tolerant in all his dealings, both political and otherwise. He was a hard worker, spending most of his time at business, and his only real relaxation, according to his close friends, was that of fishing.

As soon as I heard the sad news of his demise I wrote to his widow, Madame Nicol, and I now wish to express the sincere sympathy and regrets of the members on this side of the house at his passing.

Senator Nicol was a faithful representative of the province of Quebec and his own district in this house, and we shall miss him very much indeed.

Hon. W. Ross Macdonald: Honourable senators, when parliament was prorogued last September Senator Nicol was a very sick man—in fact, he was critically ill—and we did not think that he would recover. Therefore, it did not come to us as a great surprise when we learned that he had passed away on September 23.

I would like to join with the honourable Leader of the Government (Hon. Mr. Aseltine) in extending my very deep sympathy to his widow and other dear ones.

I had known Senator Nicol before coming to this house. I believe I met him about the year 1945. At that time Mr. L. O. Breithaupt, who later became Lieutenant Governor of Ontario, conceived the idea of restoring the boyhood home of the late Right Honourable Mackenzie King—who was alive at that time —at Kitchener, Ontario. He called a meeting of a number of members of the House of Commons and of this house to consider the matter. One matter that had to be decided at the meeting was how the necessary money would be raised, and I realized then that Senator Nicol was a man of wide business experience. He remained a friend of mine from the first time I met him until the last day I saw him in this house.

I had another association with Senator Nicol, in connection with mutual friends. The late senator attended McMaster University, which was then in Toronto, and also Woodstock College, at Woodstock, Ontario. Very dear friends of his lived in my home city of Brantford, and he corresponded with them throughout the years. On every occasion when I returned from Brantford to Ottawa he would ask me about his friends in Brantford, and likewise when I went to Brantford they would ask me about him. In that way we felt we had something in common.

Senator Nicol was a scholar with a keen mind; he was indeed a man of great intelligence. The three universities from which he graduated were McMaster, Laval and Bishop's. The Leader of the Government has told us something of the late senator's outstanding contribution as a member of the Quebec Legislature. He has also told us about his interest in journalism. The late senator was president and publisher of three daily newspapers: *Le Soleil* and *L'Evenement Journal* of Quebec; *Le Nouveliste* of Three Rivers, and *La Tribune* of Sherbrooke.

Senator Nicol took a great interest in the financial affairs of our country, and he had a direct association with many financial organizations. He was vice-president of the Canadian National Bank, Montreal; vice-president of the Trust General of Canada, Montreal; a director of Sherbrooke Trust Company, Sherbrooke, Quebec, and president and a director of several insurance companies.

The services of Senator Nicol to his country were recognized when he was created by France a Knight of the Legion of Honour.

A scholar, a businessman and a statesman, Senator Nicol passed away in his eighty-third year. He had indeed served his country well.

Hon. A. K. Hugessen: Honourable senators, as the honourable Leader of the Government (Hon. Mr. Aseltine) has remarked, the member of this chamber who was most intimately acquainted with our late colleague Senator Jacob Nicol is the senator from Wellington (Hon. Mr. Howard). They lived in the same city, the beautiful city of Sherbrooke in the Eastern Townships of the province of Quebec, and for many years, they were very closely associated in political and business life and in other respects.

As honourable senators perhaps know, Senator Howard is not at the moment in the best of health, although he expects to be able to attend the sittings of the Senate before long. He wrote to my honourable leader (Hon. Mr. Macdonald) enclosing a tribute to his old friend Senator Nicol, asking that a member of this house should read that tribute to the house. That duty has now fallen upon me. Perhaps it is not an altogether fortuitous thing, for after all I come from the same province as Senator Howard and the late Senator Nicol; and on one occasion some years ago I had the advantage of enjoying the charming hospitality of the late Senator Nicol and his wife at their house in Sherbrooke.

Now I shall, with permission, read this tribute that one old friend pays to another:

"The death of Senator Jacob Nicol does not solely affect the members of his family. The district where he lived, the province of Quebec, and the whole country lose a prominent citizen whose extensive activity greatly contributed to the progress of our nation. He was one of those few men in a generation who made a success of everything they undertook, through their rare combination of talents.

"A native of the Eastern Townships, this district which is called a province within the province of Quebec, he was born in a modest family where he acquired a love for work, a sound judgment and exceptional broadmindedness, which qualities account for his subsequent success in the political and business world. In the Legislature and in the Legislative Council of Quebec, as well as in the Senate he never deviated from the line of conduct which his duties imposed upon him; his political opponents as well as his friends are unanimous in admitting that he was a great Canadian.

"Successively provincial member for Richmond and Compton, Provincial Treasurer, Minister without Portfolio, President of the Quebec Legislative Council and member of the Senate of Canada, he showed exceptional talents which were frequently called upon by his colleagues.

"His influence was widely felt in his native Eastern Townships, to whose development he contributed to a marked degree. He had faith in the future of his district where French- and English-speaking Canadians live in full harmony and work together toward the prosperity of their province and their country. Due to his energy, his extraordinary capacity for work and his sound judgment, during more than half a century, he spared no effort to establish and administer enterprises and institutions which today constitute the greatest monument to the grandeur of his conceptions.

"He founded a French language daily newspaper in Sherbrooke, and actively interested himself in newspaper work to the extent that during several years he was publisher of four dailies who owe to him most of the prestige they presently enjoy. When radio came into existence, Senator Nicol soon understood the importance of this new means of communication. He closely followed its developments and in 1937 he gave the Eastern Townships their first local broadcasting station. Soon after, an English language station was established in order to provide for the needs of both racial groups of the population. He also interested himself in television and followed all its progress. It is due to him that the city of Sherbrooke can boast of having an excellent television station.

"While working for his district, he also worked for his province and his country. Therefore it is not surprising that his influence soon spread beyond the limits of his district in order to encompass wider horizons. To business activities he added politics, in which he took an active part from 1928 until his death. He was one of the last citizens of his province to hold both the office of member of the Quebec Legislative Council and member of the Senate of Canada.

"But a man with such a wide-ranging mind could not restrict himself to a few aspects of our national life. He also interested himself in finance, as director or president of various insurance and trust companies, and in educational problems. Since he had had to work to pay for his secondary studies and his university training, he made it a point of duty to show his generosity toward all those who were worthy of it, and today many may be grateful to him for having been able to enjoy the benefits of advanced studies. He considered the cause of education to be extremely important, and many universities recognized this fact by awarding him honorary doctor's degrees.

"We are mourning the passing of a man who will rank high in the history of our country and particularly in the history of his province. He leaves behind him seeds which will continue to grow and bear fruit and which will benefit future generations.

Few men may claim this privilege and know how to use it for the general advantage. The honourable Senator Jacob Nicol was one of those persons, and he applied for the good of his compatriots the exceptional talents which Providence had bestowed upon him. He was an honourable citizen and a great Canadian."

That, honourable senators, is the tribute of one old friend to another; and all that I can do is to associate myself in every way with the words that I have just spoken, and to join with the two leaders in expressing our condolences to his family.

(Translation):

Hon. Paul H. Bouffard: Honourable senators, I would not like to let this occasion pass by without a French-speaking voice joining with that of my colleagues to express our sadness at the loss we have sustained.

I met Senator Nicol severay years ago at a time when he had already attained the pinnacle of success to which reference has been made in the speeches which we have just heard. He had the talent of bringing order in to everything he undertook. After seeing him at work in the field of finance as well as politics, I felt a great admiration for so gifted a man.

Senator Nicol, as was pointed out, had a very modest background. He travelled the sometimes difficult road of life without ever hurting or harming anyone, and in the various fields of his activity he showed talent, judgment and a driving energy for work which explain his great success and which led him to the highest place in Canadian politics and finance.

He was endowed with so much judgment that I am not surprised tonight to see that our English-speaking compatriots claim him as one of their own. As Provincial Treasurer of the province of Quebec, he occupied a post which had, until then, always been filled by an English-speaking person. In Quebec, however, perhaps even more than in the Eastern Townships, he was considered as a French-speaking citizen; indeed, the four daily newspapers he owned were published in French. Born of a family which considered the English language as its mother tongue, he had such a sound judgment that he managed to publish four French newspapers in four of the important cities of the province of Quebec, without ever annoying or offending the population, in majority French-Canadian, which he tried to educate through his newspapers.

In the field of finance, he was one of the most influential men of the province of Quebec and his reputation certainly extended far beyond the limits of that province. As a politician and a business man he was widely appreciated. But it should be pointed out that after having climbed, as I said a moment ago, the sometimes difficult paths of life and having become well to do, he was one of the most charitable and the most generous men one could hope to meet. No one will ever know the number of families he helped, the number of young men who owe their education to him, the people to whom he gave not only sympathy, but often the things they could not do without and which he gave in such a way as not to humiliate them; very often it was Senator Nicol who helped these people to save their reputation and to keep a reasonable attitude toward life.

His achievements in the political field were undoubtedly due to his sound judgment and great talents. While representing a riding which was mostly English-speaking, he acquired in the Legislature at Quebec and also in the Legislative Council an extraordinary reputation. And in the Senate, all those who met him or who had anything to do with him soon came to trust him and often had recourse to his advice.

I take pleasure in joining with all my English- and French-speaking compatriots to say that, while Senator Nicol was one of our most highly esteemed citizens, we French Canadians found him most generous and will never forget him. I join with those who have spoken before me in offering Mrs. Nicol and the members of her family our most sincere sympathy. I would like them to know how deeply we will miss one of our wisest counsellors, whose memory will linger on.

(Text):

Hon. W. Rupert Davies: Honourable senators, as a fellow newspaper publisher of the late Senator Nicol, I feel I should say a few words for the record in regard to his newspaper publishing ability. In addition to being a very fine senator and able lawyer, Senator Nicol was also a most successful newspaper publisher. The story of his start and his success as he used to tell it, and as he has probably told it to the honourable Leader of the Government (Hon. Mr. Aseltine) on various occasions, is a fascinating one. He believed in picking good men for his newspaper staffs. He was honoured by his fellow newspaper publishers by being made a director of the Canadian Press, which is a dominion-wide news gathering organization. He also assisted the Canadian Press and the Canadian Daily Newspaper Publishers Association, which is concerned with the com-

mercial side of the newspaper business, by permitting two of his most capable employees to take high positions in those organizations. The editor of his Quebec newspaper became president of the Canadian Press, a position he held for two years. The manager of his newspaper in Three Rivers became president of the Canadian Daily Newspaper Publishers Association. They took these offices not only with the concurrence of Senator Nicol but with his most hearty co-operation.

I can assure honourable senators that the newspaper publishers of this country valued most highly the advice and help of Senator Nicol, because he had been so successful himself. He published good, clean newspapers, and as a newspaper publisher I am very pleased at this time to pay him this tribute.

LIBRARY OF PARLIAMENT

REPORT OF LIBRARIAN

The Hon. the Speaker: Honourable senators, I have the honour to present to the Senate the report of the Parliamentary Librarian to the Second Session of the Twenty-Fourth Parliament.

Ordered, that the report be tabled.

DOCUMENTS TABLED

Hon. Mr. Aseltine: Honourable senators, I table some 25 documents and reports, as follows:

The *Canada Gazette*, Part II, Statutory Orders and Regulations, 1958, as follows:

Hon. Mr. Robertson: Dispense.

Hon. Mr. Aseltine: Last year I was criticized, I believe by the honourable gentleman from Inkerman (Hon. Mr. Hugessen), for not reading to the house the titles of documents I was tabling. It was for that reason I did not ask to have the reading of the titles dispensed with now. However, with the consent of honourable members I will not read the list of documents on this occasion because it would probably take me 20 minutes to do so. Is it the wish of honourable senators that I table these documents now, on the understanding that the full list of them will appear in tomorrow's *Minutes of Proceedings*?

Hon. Mr. Hugessen: On division.

Hon. Mr. Macdonald: Before the documents are tabled I would like to know if the so-called "hidden report" is included amongst them.

Hon. Mr. Aseltine: I have taken certain steps in that connection and I will see what I can do about it.

Hon. Mr. Macdonald: Is it not included in those documents? I understand it was tabled in the other house.

Hon. Mr. Aseltine: I did make certain inquiries about it but I was not aware that it was included. However, I believe now that it is. I hope honourable senators will not ask me in the future to remember every one of the reports and documents that I table. I am going to keep in my desk a list of them so that if I am asked I will be able to refresh my memory without looking up official proceedings of the Senate.

I wish to say that among the documents tabled this evening is the Report of the Civil Service Commission of Canada, dated December 1958, entitled: "Personnel Administration in the Public Service". The French translation of this report is in mimeographed form and does not contain the appendixes shown in the printed copy in English. The printed copy of the French text of the report and the appendixes thereto will be available from the Queen's Printer in about two weeks' time and I shall place them before the house.

Hon. Jean-François Pouliot: Honourable senators, I will not ask a question but I would put once more the same reminder on record about the famous speech delivered at Edmonton last June by Dr. W. Kaye Lamb, Dominion Archivist, in which he said the worthy biographies of Canadians could be counted on the fingers of one hand. I wonder if that speech is among the reports that the honourable leader has tabled?

Hon. Mr. Aseltine: No, it would not be.

Hon. Mr. Pouliot: This is just a reminder.

PUBLIC LANDS GRANTS BILL

FIRST READING

Hon. W. M. Aseltine presented Bill S-2, to amend the Public Lands Grants Act.

Bill read first time.

Hon. Mr. Aseltine: In case honourable senators would like a brief explanation of this bill, I may say that it has to do with the method of transferring land from Canada to a province. I understand that in the past this was done by way of issuing a patent from Her Majesty the Queen in the right of the Dominion of Canada to Her Majesty the Queen in the right of the province to whom the land had been transferred. It has been thought for some time that this is not the proper way to do it, and all this bill does is set out a different way.

Hon. Mr. Roebuck: And what is the different way?

Hon. Mr. Aseltine: By order in council.

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

Hon. Mr. Aseltine: Thursday next.

CANADA SHIPPING BILL

FIRST READING

Hon. W. M. Aseltine presented Bill S-3, to amend the Canada Shipping Act.

Bill read first time.

Hon. Mr. Aseltine: Honourable senators, this bill is much more complicated than the one I have just presented and explained, in that it consists of a large number of varied technical amendments of the type which are made periodically to bring this large act up to date and to improve its operation. This act, by the way, was introduced in the Senate quite a number of years ago, and passed through this house first.

Perhaps one of the main matters which is included in this bill is the amendment in respect of marine pilotage on the Great Lakes and in general.

A more detailed explanation of the varied and technical amendments will be given on second reading, and it will be possible for honourable senators to obtain any technical information they desire in committee, from expert witnesses.

That is all the explanation I am prepared to give at the present moment.

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

Hon. Mr. Aseltine: Thursday next.

DIVORCE

REPORT OF COMMITTEE OF SELECTION ADOPTED

Hon. George S. White presented the first report of the Committee of Selection.

The report was read by the Clerk Assistant as follows:

The Committee of Selection appointed to nominate senators to serve on the several standing committees for the present session make their first report, as follows:

Your committee have the honour to submit herewith the list of senators selected by them to serve on the Standing Committee on Divorce, namely:

The Honourable Senators *Aseltine, Baird, Barbour, Burchill, Cameron, Croll, Emerson, Euler, Farquhar, Farris, Fergusson, Gershaw, Golding, Haig, Hodges, Horner, Howard, Howden, Isnor, Kinley, *Macdonald, Roebuck, Smith (Queens-Shelburne), Taylor (Westmorland) and Thorvaldson. (23) *Ex officio members.

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

Hon. Mr. White: With leave I move that the report be adopted now.

Hon. Jean-François Pouliot: Honourable senators, before this report goes through, I have just a remark to make about the selection of senators for the membership of their committees. I do not disagree with the selection for the Divorce Committee, but I think that it is unfair to members of the Senate who attend as regularly as they can at the sittings of the Senate to have placed on the membership of committees the names of senators who come here just for the opening and prorogation. There are two kinds of senators, those who attend the sittings of the Senate regularly and those who come very seldom. The fact that we have on the membership of committees—for there are large committees of 50 members, and others of 25—the names of senators who do not attend regularly, or as regularly as most of us do, at the sittings of the Senate, precludes other senators who would like to be members of such committee from helping when they can. I make that suggestion so as not to embarrass those senators who do not come often, perhaps for very good reasons, and are at home instead of being here when the Senate is sitting. If their names are on a committee and they receive a notice when they are at home, they will think "The committee is sitting today, and I am very sorry that I am not attending the meeting, where I should be, as I have allowed my name to be put on the membership list." It seems to me, honourable senators, that you would render a signal service to those very members and you would relieve their conscience by not putting their names on the membership of any such committee, and this would give a chance to other members to belong to those committees.

I see the names of senators who come here for the opening and prorogation on five, six or seven committees, while other members who come here regularly are named to serve on two or three. I am not going to insist about it—I leave it to your spirit of fairness.

Some of you may say that the personal opinion that I have expressed lacks delicacy and sweet manner but we are here to speak to each other as men, and the time seems to have arrived for that when members who make sacrifices to be here are left aside while others who stay at home, and perhaps for very good reason, take the place of those who come here. That is all I have to say.

Motion agreed to.

APPOINTMENT OF COMMITTEE

Hon. W. M. Aseltine, with leave of the Senate, moved:

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

Motion agreed to.

STANDING COMMITTEES

REPORT OF COMMITTEE OF SELECTION

Hon. Mr. White presented the second report of the Committee of Selection.

The Clerk Assistant (reading):

The Committee of Selection appointed to nominate senators to serve on the several Standing Committees for the present session, make their second report as follows:

Hon. Senators: Dispense.

For text of report see Appendix "B" to today's Hansard, *pp. 16-17.*

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

Hon. Mr. White: Next sitting.

Hon. Mr. Macdonald: Honourable senators, I think the rule is that two days must intervene.

Hon. Mr. Aseltine: Thursday next, then.

Hon. Mr. White: Then I move that the report be taken into consideration on Thursday next.

Motion agreed to.

The Senate adjourned until tomorrow at 3 p.m.

66972-1—2½

APPENDIX "A"

(*See p. 5*)

ITINERARY

FOR THE VISIT TO CANADA OF HER
MAJESTY THE QUEEN AND HIS ROYAL HIGHNESS
THE PRINCE PHILIP
1959

NEWFOUNDLAND

Thursday.....	June 18	St. John's (arrive by Air Torbay Airport) (Stay at Government House)
Friday.....	June 19	St. John's (by air to) Stephenville (then by car to) Cornerbrook (return Saturday by car to)
Saturday.....	June 20	Stephenville (Leave by air for Schefferville)

QUEBEC

Saturday.....	June 20	(Knob Lake Airport) Schefferville (by air to) Seven Islands (Board Royal Yacht "Britannia" for Gaspe)
Sunday.....	June 21	Gaspe ("Britannia")
Monday.....	June 22	Port Alfred (by car to) Arvida (by car to) Port Alfred ("Britannia")
Tuesday.....	June 23	Quebec City ("Britannia")
Wednesday.....	June 24	Three Rivers ("Britannia")
Wednesday.....	June 24	Montreal ("Britannia")
Thursday.....	June 25	Montreal ("Britannia")
Friday.....	June 26	St. Lawrence Seaway Ceremonies ("Britannia")
Saturday.....	June 27	

(A special release on the Seaway portion of the tour will be issued as soon as the details are completed.)

ONTARIO

Saturday.....	June 27	Brockville..... ("Britannia")
Sunday.....	June 28	Kingston.....
Monday.....	June 29	Metropolitan Toronto.....
Tuesday.....	June 30	Metropolitan Toronto (leave late afternoon from Malton Airport for) Ottawa (Uplands airport) (Stay at Government House)
Wednesday.....	July 1	Ottawa (Leave at night by train for)
Thursday.....	July 2	Hamilton

Programme for
Her Majesty The Queen

(leave Hamilton mid-day for)

(Train) { Brantford
Galt
Kitchener
Stratford

Thursday.....	July 2		Programme for H. R. H. Prince Philip
			(Leave Hamilton mid-day Mount Hope Airport for)
		(Air)	London
			(Leave London by car late afternoon for)
		Stratford	
Friday.....	July 3	London.....	(Train)
		Chatham.....	
		Windsor.....	
			(Board "Britannia" late afternoon and leave for)
		Sarnia ("Britannia")	
Saturday.....	July 4	Port McNichol ("Britannia")	
		Orillia—Muskoka area (car)	
Sunday.....	July 5	(On Board "Britannia" enroute to Chicago)	

UNITED STATES OF AMERICA

Monday.....	July 6	Chicago (arrive A.M.)
		(Leave Chicago in "Britannia" at night)
Tuesday.....	July 7	(Royal Yacht "Britannia" enroute to Sault Ste. Marie, Ontario.)

ONTARIO

Wednesday.....	July 8	Sault Ste. Marie.....	"Britannia"
Thursday.....	July 9	Port Arthur.....	
		Fort William.....	
		(Leave by air for Calgary)	

ALBERTA

Thursday.....	July 9	Calgary (Train)
Friday.....	July 10	Banff (Train)

BRITISH COLUMBIA

(N.B.—the following places in the Mountains will be seen in daylight hours.)

Friday.....	July 10	Field.....	(Train)
		Golden.....	
		Glacier.....	
		Revelstoke.....	
		Sicamous.....	
Saturday.....	July 11		
		(N.B.—seen in daylight hours)	
		Vernon.....	(Train)
		Kamloops.....	
Sunday.....	July 12		(Holiday period in B.C.)
Monday.....	July 13		
Tuesday.....	July 14		

Tuesday.....	July 14	Kamloops.....	(Train)
		Ashcroft.....	
		Spence's Bridge.....	
		Lytton.....	
		Boston Bar.....	(Train)
		Hope.....	
		Chilliwack.....	
Wednesday.....	July 15	Vancouver (Train)	
		New Westminster	
Thursday.....	July 16	Vancouver (by air to)	
		Victoria	
		(Stay at Government House)	
Friday.....	July 17	Vancouver Island	
Saturday.....	July 18	Victoria (leave by air for)	

YUKON TERRITORY

Saturday.....	July 18	Whitehorse
Sunday.....	July 19	Dawson City (possible)
Monday.....	July 20	Whitehorse (leave by air for)

NORTHWEST TERRITORIES

Monday.....	July 20	Yellowknife (leave by air for)

SASKATCHEWAN

Monday.....	July 20	Uranium City (leave by air for)

ALBERTA

Monday.....	July 20	Edmonton (leave by train in afternoon)
Tuesday.....	July 21	Edmonton
Tuesday.....	July 21	Wainwright

SASKATCHEWAN

Tuesday.....	July 21	Unity.....	(Train)
		Biggar.....	
Wednesday.....	July 22	Saskatoon.....	(Train)
		Dundurn.....	
		Hanley.....	
		Davidson.....	
		Craik.....	
		Findlater.....	
Thursday.....	July 23	Regina.....	(Train)
		Indian Head.....	
		Broadview.....	

MANITOBA

Thursday.....	July 23	Virden.....	(Train)
		Brandon.....	
Friday.....	July 24	Portage la Prairie.....	(Train)
		Winnipeg.....	
Saturday.....	July 25	Winnipeg (leave by air for)	

ONTARIO

Saturday.....	July 25	Sudbury..... (by air to) Trenton..... (by car to)
		Port Hope (Stay at Batterwood House near Port Hope as guests of His Excellency the Governor-General)
Sunday.....	July 26	Port Hope
Monday.....	July 27	Port Hope (leave by car to) Trenton (leave by air for)

NEW BRUNSWICK

Monday.....	July 27	Fredericton
Tuesday.....	July 28	Fredericton (by car to) Saint John (by air to) Moncton (by car to) Shediac
		(Board Royal Yacht "Britannia" for Charlottetown, P.E.I.)

PRINCE EDWARD ISLAND

Wednesday.....	July 29	Charlottetown ("Britannia")

NOVA SCOTIA

Thursday.....	July 30	Ingonish (St. Ann's Bay) ("Britannia") Cape Breton Highlands National Park Ingonish ("Britannia")
Friday.....	July 31	Sydney (by air for) Shearwater Airport (by car to) Halifax
		(Stay at Government House)
Saturday.....	August 1	Halifax
		(Depart by air for United Kingdom)

APPENDIX "B"

(*See p. 11*)

REPORT OF COMMITTEE OF SELECTION

The Committee of Selection appointed to nominate senators to serve on the several standing committees for the present Session, make their second report, as follows:

Your committee have the honour to submit herewith the list of senators selected by them to serve on each of the following standing committees, namely:

JOINT COMMITTEE ON THE LIBRARY

The Honourable the Speaker, the Honourable Senators Aseltine, Cameron, Fergusson, Fournier, Gladstone, Gouin, Lambert, MacDonald, McDonald, Pouliot, Reid, Vien, Wall and Wilson. (15)

JOINT COMMITTEE ON PRINTING

The Honourable Senators Barbour, Blais, Bouffard, Bradette, Bradley, Choquette, Comeau, Davies, Euler, Isnor, McGrand, Pearson, Savoie, Smith (Kamloops), Stambaugh, Thorvaldson, Turgeon and Wood. (18)

JOINT COMMITTEE ON THE RESTAURANT

The Honourable the Speaker, the Honourable Senators Beaubien, Fergusson, Hodges, Howard, McLean and White. (7)

STANDING ORDERS

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

**Ex officio* members.

BANKING AND COMMERCE

The Honourable Senators *Aseltine, Baird, Beaubien, Bois, Bouffard, Brunt, Burchill, Campbell, Connolly (Ottawa West), Crerar, Croll, Davies, Dessureault, Emerson, Euler, Farquhar, Farris, Gershaw, Golding, Gouin, Haig, Hardy, Hayden, Horner, Howard, Hugessen, Isnor, Kinley, Lambert, Leonard, *Macdonald, McDonald, McKeen, McLean, Monette, Paterson, Pouliot, Power, Pratt, Quinn, Reid, Robertson, Roebuck, Taylor (Norfolk), Thorvaldson, Turgeon, Vaillancourt, Vien, Wall, White, Wilson and Woodrow. (50)

**Ex officio* members.

TRANSPORT AND COMMUNICATIONS

The Honourable Senators *Aseltine, Baird, Beaubien, Bishop, Bouffard, Bradley, Brunt, Campbell, Connolly (Halifax North), Connolly (Ottawa West), Dessureault, Emerson, Euler, Farris, Gershaw, Gladstone, Gouin, Grant, Haig, Hardy, Hayden, Horner, Hugessen, Isnor, Jodoin, Kinley, Lambert, Lefrancois, *Macdonald, McGrand, McKeen, McLean, Methot, Molson, Monette, Paterson, Pearson, Power, Quinn, Raymond, Reid, Robertson, Roebuck, Smith (Queens-Shelburne), Stambaugh, Veniot, Vien, Wood and Woodrow. (47)

**Ex officio* members.

MISCELLANEOUS PRIVATE BILLS

The Honourable Senators *Aseltine, Baird, Beaubien, Bois, Boucher, Bouffard, Bradette, Brunt, Choquette, Connolly (Halifax North), Connolly (Ottawa West), Dupuis, Euler, Farris, Fergusson, Haig, Hayden, Horner, Howard, Howden, Hugessen, Inman, Lambert, Leger, *Macdonald, McDonald, Monette, Quinn, Reid, Roebuck, Stambaugh, Sullivan, Taylor (Norfolk), Taylor (Westmorland), Thorvaldson and Tremblay. (34)

**Ex officio* members.

INTERNAL ECONOMY AND CONTINGENT ACCOUNTS

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

EXTERNAL RELATIONS

The Honourable Senators *Aseltine, Beaubien, Boucher, Bradette, Bradley, Crerar, Croll, Farquhar, Farris, Fergusson, Fournier, Gouin, Haig, Hardy, Hayden, Horner, Howard, Hugessen, Jodoin, Lambert, Lefrancois, MacDonald, *Macdonald, McLean, Monette, Robertson, Savoie, Taylor (Norfolk), Thorvaldson, Turgeon, Vaillancourt, Veniot, Vien, Wall, White and Wilson. (34)

**Ex officio* members.

FINANCE

The Honourable Senators *Aseltine, Baird, Barbour, Beaubien, Bouffard, Burchill, Campbell, Choquette, Connolly (Halifax North), Connolly (Ottawa West), Crerar, Croll, Dupuis, Euler, Farris, Fraser, Gershaw, Golding, Haig, Hayden, Horner, Howden, Isnor, Lambert, Leonard, *Macdonald, McKeen, Molson, Paterson, Pearson, Petten, Pratt, Quinn, Reid, Robertson, Roebuck, Smith (Queens-Shelburne), Stambaugh, Taylor (Norfolk), Turgeon, Vaillancourt, Vien, Wall, White and Woodrow. (43)

**Ex officio* members.

TOURIST TRAFFIC

The Honourable Senators *Aseltine, Baird, Basha, Beaubien, Bishop, Bois, Bouffard, Cameron, Connolly (Halifax North), Crerar, Croll, Davies, Dupuis, Emerson, Fergusson, Fraser, Gershaw, Horner, Inman, Isnor, Jodoin, *Macdonald, Methot, McLean, Roebuck, Smith (Kamloops), and Tremblay. (25)

Ex officio members.

DEBATES AND REPORTING

The Honourable Senators *Aseltine, Bishop, Davies, Grant, *Macdonald, McGrand, Monette, Savoie and Tremblay. (7)

Ex officio members.

NATURAL RESOURCES

The Honourable Senators *Aseltine, Barbour, Basha, Beaubien, Bois, Bouffard, Burchill, Cameron, Comeau, Crerar, Davies, Dessureault, Dupuis, Emerson, Farquhar, Fraser, Gladstone, Haig, Hayden, Horner, Kinley, *Macdonald, McDonald, McKeen, McLean, Methot, Paterson, Pearson, Petten, Power, Raymond, Stambaugh, Taylor (Norfolk), Taylor (Westmorland), Turgeon, Vaillancourt, Vien and Wood. (36)

Ex officio members.

IMMIGRATION AND LABOUR

The Honourable Senators *Aseltine, Beaubien, Blais, Bouchard, Boucher, Burchill, Campbell, Crerar, Croll, Dupius, Euler, Farquhar, Fournier, Gershaw, Haig, Hardy, Hodges, Horner, Hugessen, Lefrancois, *Macdonald, Monette, Pearson, Reid, Roebuck, Taylor (Norfolk), Turgeon, Vaillancourt, Veniot, Wall, White, Wilson and Wood. (31)

Ex officio members.

CANADIAN TRADE RELATIONS

The Honourable Senators Aseltine, Baird, Bishop, Blais, Brunt, Burchill, Campbell, Crerar, Davies, Dessureault, Emerson, Euler, Fergusson, Fraser, Gouin, Haig, Howard, Kinley, Lambert, Leonard, MacDonald, *Macdonald, McKeen, McLean, Methot, Molson, Paterson, Petten, Pouliot, Pratt, Robertson, Smith (Kamloops), Turgeon and Vaillancourt. (32)

Ex officio members.

PUBLIC HEALTH AND WELFARE

The Honourable Senators *Aseltine, Blais, Burchill, Choquette, Comeau, Connolly (Halifax North), Dupuis, Emerson, Farris, Fergusson, Gershaw, Gladstone, Golding, Gouin, Grant, Howden, Inman, Jodoin, Kinley, MacDonald, *Macdonald, McGrand, Monette, Pratt, Roebuck, Smith (Queens-Shelburne), Stambaugh, Sullivan, Thorvaldson, Veniot, Wall, Wilson and Woodrow. (31)

Ex officio members.

CIVIL SERVICE ADMINISTRATION

The Honourable Senators *Aseltine, Bishop, Bouchard, Brunt, Cameron, Choquette, Connolly (Ottawa West), Davies, Dessureault, Dupuis, Gouin, Haig, Kinley, Lambert, Leger, *Macdonald, Quinn, Roebuck, Taylor (Norfolk), Turgeon and Wilson. (19)

Ex officio members.

PUBLIC BUILDINGS AND GROUNDS

The Honourable Senators *Aseltine, Barbour, Choquette, Connolly (Ottawa West), Dessureault, Haig, Horner, Lambert, *Macdonald, McGrand, Paterson, Pouliot, Quinn and Wilson. (12)

Ex officio members.

All which is respectfully submitted.

GEORGE S. WHITE,
Chairman

THE SENATE

Wednesday, January 21, 1959

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

Prayers.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following reports:

Report of the Department of Public Works, for the fiscal year ended March 31, 1958, pursuant to section 34 of the Public Works Act, Chapter 228, R.S. 1952. (English text).

Preliminary Report of the Fraser River Board on Flood Control and Hydro-Electric Power in the Fraser River Basin, submitted as of October 31, 1958, to the Government of Canada and of the Province of British Columbia. (English text).

Report of Tariff Board, relative to the investigation ordered by the Minister of Finance, arising out of various requests made to him by the producers in Canada of waterproof footwear and rubber-soled canvas footwear (being Reference No. 121) (English and French texts), together with transcript of the evidence presented at public hearings (English text), pursuant to section 6 of the Tariff Board Act, Chapter 261, R.S. 1952.

Report of the Tariff Board, relative to the investigation ordered by the Minister of Finance respecting fluorspar (being Reference No. 126) (English and French texts), together with transcript of the evidence presented at the public hearings (English text), pursuant to section 6 of the Tariff Board Act, Chapter 261, R.S. 1952.

DIVORCE

REPORT OF COMMITTEE

Hon Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the first report of the Standing Committee on Divorce.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Divorce make their first report as follows:

1. Your committee recommend that they be granted leave to sit during adjournments of the Senate, and also during sittings of the Senate.

2. Your committee also recommend that they be granted authority to appoint as many subcommittees as deemed necessary for the purpose of considering such divorce matters as may be referred to them by the committee and to set the quorum thereof, the subcommittee in each case to report their findings to the committee.

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

Hon. Mr. Roebuck: With the consent of the Senate I move, seconded by the Honourable Senator Croll, that the report be adopted now.

Motion agreed to.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE ADJOURNED

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

Hon. Arthur M. Pearson moved:

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

To His Excellency the Right Honourable Vincent Massey, Member of the Order of the Companions of Honour, Governor General and Commander-in-Chief of Canada.

May it please your Excellency:

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

He said: Honourable senators, it gives me a great deal of pleasure and I feel honoured in being given the opportunity by the Leader of the Senate and members of the Senate to move the Address in Reply to the Speech from the Throne.

I would like to refer to the round-the-world trip of the Prime Minister to meet the heads of the commonwealth countries, and I am sure everyone will feel that, coupled with the trip made by the previous Prime Minister, great benefit will come to Canada and the empire. I foresee a time in the not too distant future, when, through our common ties to the Crown, the empire will become the third major power in the world; first, especially if the countries of the empire unite in a common effort to develop and make use of all the scientific ideas which are coming to the fore so rapidly. Each of the two great powers that we see—the United States to the south of us and the Soviet Union to the north—is a vast bloc with a tremendous concentration of wealth in one area. In this way they are able to develop these new ideas of missiles, sputniks and so forth. But, honourable senators, if the countries of our British Empire were to unite in their scientific ideas and develop these things as a unit—if they were to work together, each sharing the cost, I believe that this empire would do just as well as these other two great nations. Secondly, the convertibility of funds by Great Britain indicates that the sterling area is now in a position to consider an easier flow of trade among all parts of the empire. Both these things—the sharing of scientific ideas and the better flow of trade—should very quickly add to the wealth and power of the Commonwealth.

Prior to the two great wars most countries in the world looked to the United Kingdom

for leadership in finance and in government. The cost of these wars, however, brought Britain to her knees; yet, at the same time, brought forward two other great nations, our neighbours to the south and the Soviet Union. A great many people felt that we, in keeping with previous empires that we have read about in history, were on the downgrade and would eventually become a second or third-rate power and, in time, through neglect or indifference, would disintegrate. Little did we or the rest of the world realize that the vitality which had made this the greatest empire was now building up, and with the help of discussions of common interest and meetings of our leaders of the various parts, we again see the empire recovering from those great wounds suffered on behalf of the preservation of peace and our way of life. Once again, we will emerge as a force for the good of mankind in the world.

Another point in this connection which indicates the growing importance of Canada in world affairs was the meeting held in Washington just recently for an exchange of ideas by members of both houses in Ottawa and Washington. This came about as a result of a statement made in the House of Commons by our own Prime Minister and also made by one of the United States senators in Washington. As a result of this statement a steering committee was set up which consisted of a few members of this body and of the House of Commons, headed by, as we are proud to note, the Honourable the Speaker of the Senate and the Honourable the Speaker of the House of Commons. A similar small committee was set up in Washington representing the Senate and the House of Representatives. These two bodies met very recently in Washington and have worked out a plan and an agenda for a future and much larger committee, which is expected to meet sometime during this year. This again shows, as I mentioned before, the great and growing importance of Canada in international affairs.

Honourable senators, I would like to say something with regard to agriculture in western Canada, particularly referring to Saskatchewan, in which province I have lived for the greater part of my life. I would like to paint a word picture of the progress which has been made by the farmers of that province within the past 60 to 65 years.

At the beginning of the twentieth century there was a great rush to that province from eastern Canada, western United States and Europe, to take up homesteads. In those days one picked out 160 acres, or a quarter section of land, paid $10 to the federal Government for registration and, to obtain the right to own this land, it was necessary to break up 30 acres within three years and put up a small shack and barn. There being no specifications as to the size and quality of which the buildings should consist, we found that all manner of material was used. Those settlers who were close enough to the railway and had some money, coupled with means of transportation to their land, built them of lumber. Those who settled near to any timber built them of logs and plastered them with a mixture of yellow and white clay and straw and then whitewashed them with lime both inside and out. Others who were too distant from transportation used their plow to turn over sods on the prairie and cut them into two-foot lengths by about 18 inches wide and 4 inches thick. These sods were laid out flat, one upon the other, for the walls of the house, leaving a small space for windows and a doorway. For these sod shacks the roof was, of course, made of poles and brush cut from around the sloughs which, in turn, was covered with sod to shed the rain. Contrary to the opinion of those who weren't familiar with these sod shacks, I might say that they were very, very warm in the wintertime and comfortable in the summertime when the cookstove was not being used for the baking of bread or cooking the tough old chickens which were raised around the farms in those days.

The problem of power to work the farm in the early days was taken care of by the use of horses or oxen. Many of the older farmers, even today, claim that the oxen were the finest of motive power that the farmer ever had with which to break land. They, however, were very slow in taking the farmer's grain to market and, when one had to travel some 30 or 40 miles to rail, it was very often necessary to take two days to get to market and two days to get back. They were so slow that I recall one case where a man travelled on foot 25 miles to town for a hundred-pound sack of flour, carried it back home, and reckoned that he made it in much quicker time than if he had used his oxen.

In clearing the land, if you were in a parkland area, you used an axe or logging chain to pull the trees out or cut them down or, if on the prairie, in most areas, one would have to use a heavy bar to dig out the rocks or prairie boulders before a plow could be put into the soil. This was slow work. But by 1910 the country began to take on the appearance of considerable development. Roads were being cut on the square to replace the trails which ran all over the country, telephone lines were being built, farmers were putting up fences to contain their stock, and new homes were

showing up all over the country—hip-roof barns and two-storey houses.

During the time from 1908 through to 1912 the country, having proven itself through the efforts of these homesteaders, was being invaded by thousands of people from the United States and eastern Canada who had the money and wanted to establish themselves in this virgin and already-proven, fine wheat country. Development then grew very rapidly. In fact, it was said that the telephones arrived at the farms before the houses were built, in many cases—an indication of the rapidity with which development took place. A great many of these farmers brought in the new, heavy tractors, run by steam or oil, which would pull a 9-bottom plow, a set of double discs to cover the width of the land broken by the plow, and a set of harrows as well, or a float to level the land down. Thus, some of these farmers, working day and night, would bring about 500 acres of land under cultivation in a single year.

At the time of World War I all this rapid expansion was called to a halt for a year or two until a sudden demand for agricultural products became evident and the farmers again speeded up their production. This demand brought a tremendous increase in price to the farmer for his products. With his added wealth and good crops he was able to expand quite rapidly, buying more land and bringing it under cultivation as quickly as possible. There was considerable evidence of prosperity in western Canada during that period and through into the twenties. Then came the hard years of the thirties when, coupled with the great depression, large areas of Saskatchewan, in particular, suffered from a severe drought. These large areas continued to have set-backs right through until 1942, with the exception of one or two intervening years in which they got an average crop. A great many farmers abandoned their farms and moved to the cities; others moved north or east of Saskatchewan, and many went as far as the Peace River country, where, they felt, they would be secure in obtaining fuel and also feed for their stock, both of which they were not able to get in the great wheat belt.

In the early 1940's crops all over the West started to come back as the dry areas receded. The Second World War was on and, again, a tremendous demand arose for farm products. In this period the great majority of farms were mechanized, new homes were built and new cars or trucks appeared on almost every farm. In fact, the whole face of our farming community had changed completely and, to look back over the previous fifty years, it would have been almost impossible for an old-timer to believe that he was looking at the same country. New highways were black-topped or gravelled, running in all directions to the rapidly-expanding cities, electric power was expanded tremendously and many farms were electrified. New modern homes began to replace homes built in the 1900's and the 1920's. Many farmers built or bought homes in the adjacent small towns to which they would retire for the winter and enjoy a bout of curling.

So we get a picture of Western Canada over the past 60 years of tremendous advancement from the days of our homestead pioneers. Of course, it must be remembered that you can still find many farmers who, due to bad or incapable management or adverse conditions in certain areas, have not been able to keep up with the pace set by those in most other areas.

There is, however, one trouble which bothers farmers today and which did not exist a short time ago, and that is the very rapid increase in the cost of the tools of production.

The farmer realizes that labour and management are entitled to good wages and a profit, for while they are making good money there is a much better and close market for farm products. However, paying good wages and making a profit, plus the cost of factory expansion and the cost of taxation, have had an effect on the price of the farmer's tools of production, and during the past ten years this increase has been rapid; yet at the same time of increasing costs of farm machinery there has been a trend downward in the price of farm grains which has left the farmer with the problem of how to make the two meet. Two groups of farmers through their own efforts are able to maintain the balance between cost of production and the value of the products which they have to sell. The first of these groups are the farmers who, having large areas for growing cereal grains, operate anywhere from a section to three or four sections of land. The other group are those who developed a good herd of beef cattle which, as you know, commands a very good price on the market today. These two groups, so far, have been able to avoid the cost-price squeeze.

This indicates that when we have areas where farmers are hard up and crushed in spirit, we find that the main cause has been the lack of credit which would have enabled them to participate in either one of the aforementioned projects, namely, to increase acreage or build up a good herd of cattle. For

that reason I would commend the Government for stating in the Speech from the Throne as follows:

> You will also be invited to make a comprehensive review and revision of the legislation concerning farm credit, in order that credit may be more effective in assisting in the development and maintenance of an efficient and prosperous agriculture.

Lack of long-term credit, in my estimation, is one of the main hindrances to a great many farmers in maintaining their continued advance and prosperity.

I also commend the Government for its action in starting a crop-insurance plan, and I trust the western provinces, along with the other provinces, will take advantage of this legislation. It is, of course, difficult at this time to know how extensive a coverage this insurance will be, but I am sure that the Government will make every effort to cover as large a field as possible. In a good many areas in western Canada you will have a drought, as we did this past season, which in turn followed on top of violent hail storms of the previous year. Catastrophes such as these make it very difficult for the farmers to recover and, in some cases, it crushes them so badly they are forced to leave their farms.

Honourable senators, I should like to close this address on a note of optimism. We in Canada today are a young nation almost bursting at the seams with energy to move forward to greater prosperity and development of our resources. We have a tremendous advantage in that we are not tied to the thinking or traditions of the older countries of Europe or, for that matter, even of the United States, which is yet so young and vigorous. We see all around from east to west the growth of our cities and factories and the good life that everyone seems to enjoy, in spite of the recession which has taken place and from which we are now rapidly recovering. In the Speech from the Throne I am very pleased to note that the "Government will therefore foster and encourage the proper development and use of these resources and the growth of efficient industry based upon them. Many projects for national development have already been put in hand."

In our own province of Saskatchewan we know that there is one of the largest undeveloped, mineralized areas in the dominion. All it needs is capital, roads and the energy of our young Canadian people to make this one of the great mining areas of the continent. We have heard the Government intends to push roads into the northern areas of all provinces in an effort to assist them in the development of their mineral, timber and fishing resources.

In the early part of this century the great and rapid development of western Canada, after the homesteaders had accomplished the first difficult opening, was due to the Americans who came in thousands to push ahead the opening up of this great wheat area—much the same as they had done in the great "Gold Rush" days of California. This great spirit of adventure is needed to carry our young men into the new north. Too, our young women have got to be prepared to follow their men. Canada must take a bold and constructive hold of her resources and develop them, or shall we leave all this development in the north to Americans? Our oil industry in Alberta, Saskatchewan and Manitoba is largely owned and developed by American money and American men. Now is the time for our young people to be thinking of the future, rather than be satisfied to sit down between jobs and live on unemployment insurance. Leadership is needed so very urgently by our businessmen. Let us as a nation not be just the "hewers of wood and drawers of water" but go out and conquer, develop our own resources, and build our own new industries and cities.

(Translation):

Hon. Lionel Choquette: Honourable senators, in seconding the motion for an Address in reply to the Speech from the Throne, it is my intention to begin in the French language and to conclude in the English language.

The Speech from the Throne, honourable colleagues, contains numerous items which should give Canadians cause for rejoicing. It is with a great deal of pleasure that the members of this house have learned that our Most Gracious Queen will honour us once more by visiting Canada on the occasion of the official opening of the St. Lawrence Seaway, next June. This visit will enable English-speaking as well as French-speaking Canadians to show their loyalty and their affection to the Queen of Canada.

The recent visit which the Right Honourable John Diefenbaker, Prime Minister of Canada, made to Asiatic and other countries of the commonwealth is another cause for rejoicing. This tour has strengthened the bonds which unite the members of this great community of nations and has emphasized the part played by Canada in this connection. When Mr. Diefenbaker was in India, the *Eastern Economist* of New Delhi pointed this out quite appropriately:

> There are few countries which possess such ability for retaining a fine balance between what might be called the American and the European ways of living and thinking. Canada is better prepared than any other country to act as a bridge.

as it were. Canada is a member of NATO but never, in its policies, does it avail itself of this title. It has turned its back on isolationism which was the basis of American policy before Roosevelt. Like the United States, it is now associated with Europe. Like Great Britain and Australia, it is taking an important part in the Colombo Plan. Its personality will make itself felt in future in other countries than Great Britain and the United States. In the last two years, Canada has become a world power, but in its association with under-developed countries it has succeeded in convincing them that it has no desire for aggrandizement and neither does it wish to exert any undue influence. Thanks to the remarkable ability which it has displayed, it has reached the rank which it occupies today. It has been said in India that Canadians possess a comprehensiveness which no other nation has yet acquired. It is meet and just to pay this tribute to Canada while its prime minister is visiting us.

From this statement, honourable colleagues, I wish to stress the way in which Asia looks upon the part played by Canada on the international scene, in the first place that of an intermediary between the American way of living and thinking and the European way of living and thinking and, in the second place, between the Western democracies and the under-developed members of the commonwealth.

In that statement, I should also like to point out the reasons for which Asia believes that our country is particularly well suited for such a role. Although it is a part of America, Canada is related to Europe by its double culture, both English and French, which has shaped its way of living and of thinking. Canada has no desire for conquest and is motivated solely by unselfish reasons. It shows a great spirit of understanding and a deep respect for the views of other peoples. Endowed with such a mentality, it can devote to the cause of universal peace and welfare its territory's great resources and its ever increasing international prestige.

Inspired with the spirit of peace and anxious to ensure the prosperity of all, the Canadian government demands, in the matter of disarmament, an agreement banning all nuclear armaments and an international agreement on the use of outer space for peaceful purposes only. It was likewise this desire for peace and prosperity which prompted the Canadian government to propose the holding in Montreal, last September, of a Commonwealth Economic Conference, through which the United Kingdom and eight other European countries were persuaded to re-establish in part the convertibility of their currency and to do away, in large measure, with existing restrictions on imports. These two measures, more than any others, will promote common peace and prosperity.

In my opinion, honourable senators, the Speech from the Throne underlines especially the care which the Government, in the course of the present session, will exercise in order to stimulate economic recovery, the first signs of which are already apparent and which will progress throughout 1959. A simple enumeration of the more important measures mentioned in the Speech from the Throne shows the truth of this statement: Increased funds for municipalities, to help them finance projects which would not, otherwise, have been undertaken this winter; amendments to the Unemployment Insurance Act to increase the number of its beneficiaries; public investments to develop our natural resources and create new jobs; establishment of a crop insurance system in co-operation with the provinces who so desire; revision of farm credit legislation to increase its usefulness and effectiveness; establishment of a national energy board which would not infringe upon the rights of the provinces; legislation to encourage the flow of private funds into mortgages for housing construction; government participation in a contributory plan to provide medical benefits for civil servants; increased help to veterans; action to alleviate the discriminatory effects of the recent flat increase in freight rates.

Because of the economic recession which has hit the North American continent, all governments are faced with difficult problems. It must be recognized that, as stated in the Speech from the Throne, the Canadian Government intends to settle these problems once and for all.

Before concluding, honourable senators, may I point out two other measures which have aroused great interest in different circles.

The first one concerns the Bill of Rights which Parliament will be asked to approve. This is a delicate subject as the philosophy of the two main racial groups in our country is often at variance and also because Canada is a federation. But I trust that, in their wisdom, the representatives of our two houses will agree upon a bill acceptable to all.

Those who, on the other hand, have taken an interest in the fight against obscene publications rejoice to learn that the Government intends to submit certain recommendations with a view to reinforcing the provisions of the Criminal Code dealing with the sale of obscene publications. Representations have long been made to convince the Government to take the necessary steps in this direction. We are not yet acquainted in detail with those which the government will submit for our approval. But I trust that they will be examined with a view to protecting our

young people, as have so rightly done all authorities entrusted more directly with the moral protection of our children.

It is obvious, honourable colleagues, from a cursory look at the Speech from the Throne, that the legislative program for this session is a heavy one. But this house, which includes so many men of wisdom, is willing to fulfil its traditional role, which is essential to our parliamentary system, under the guidance of its distinguished Speaker and with the help of its standing committees. I am sure that when the session comes to an end the Canadian people will have nothing but praise for the Senate, which a small minority of our people, who do not understand its true function, would wrongly like to abolish.

(Text):

May I now conclude with a few observations in English.

In seconding the motion for an Address in reply to the Speech from the Throne, I should like to thank the honourable the Leader of the Government (Hon. Mr. Aseltine) for the high honour he has bestowed upon me. The honour, as I see it, is not intended so much for myself personally as for the French-speaking Canadians in all parts of our great country.

I have been delighted to observe the steady progress being made to strengten the bonds of friendship and understanding between the two pioneer races which were the joint architects of Canada. The most recent and in some respects the most dramatic indication of this progress is the installation of a system of simultaneous translation in the other house. I am confident that we will soon have a similar system in this chamber so that there will be that fullness of communication in both languages which is the basis of all understanding. As that great statesman, Sir Robert Borden—whose stature grows with the passage of time—so wisely said:

> The qualities of the French and English temperaments are in many respects complementary. Each is capable of distinctive service to the state and each has given it. Not in fusion but through co-operation, the highest service of the two races can best be given to Canada.

Honourable senators, I am a Conservative in both the senses in which that word is used. As such, I am opposed to change simply for the sake of change. And that is why I am highly pleased that those who so faithfully and ably guided the deliberations in this chamber during the last session are still in their accustomed places. I have already referred to the genial and capable Leader of the Government. May I now make reference to his equally genial and capable deputy, the honourable gentleman from Hanover (Hon. Mr. Brunt). I had occasion during my maiden speech to compliment the Honourable Leader of the Opposition (Hon. Mr. Macdonald) on his unfailing courtesy. That was perhaps a first impression but one which has since been confirmed in countless ways both inside and outside this chamber. Finally, I believe I am expressing the views of all within the sound of my voice when I say that we are blessed with an outstanding Speaker who, whether he is presiding in this chamber or representing us beyond its doors, adds constantly to the lustre of the Senate of Canada.

Honourable senators, it would not be desirable, even if it were possible, to comment in any detail upon the measures contemplated in the Speech from the Throne. The details of the measures are not disclosed in the speech, nor will they be disclosed until the individual bills are introduced. There will be ample opportunity to discuss them severally as they reach the Senate and they will certainly be given in committee the careful scrutiny we have come to expect of our committees.

But perhaps I might usefully make some general comments on the speech as a whole. In the first place, we are all delighted that Her Gracious Majesty the Queen and His Royal Highness the Prince Philip will visit us this year on the occasion of the opening of the St. Lawrence Seaway and that they will travel to most parts of Canada. On their last visit they endeared themselves anew to the people of Canada. Her Majesty and the Prince will come this time not merely as symbols of royalty but as good friends.

May I remark also on the visit of the Right Honourable the Prime Minister to the commonwealth capitals. Out of the visit much good, both tangible and intangible, must surely come. And by the same token, much good must come—and indeed already has come—from the Commonwealth Trade and Economic Conference held in Montreal last September.

Honourable senators, the joint aims of government are peace and prosperity. I believe that from both points of view we may look forward to 1959 with cautious optimism. There are sure signs that we are moving out of the recent recession and that we may realize our high hopes for the continued long-term advancement of the Canadian economy. As James Muir, Chairman and President of the Royal Bank of Canada, said in speaking to the 90th annual meeting of shareholders on January 8, 1959:

> Canada has everything needed to solve her own problems of economic development. She has abundant natural resources, a highly productive and

growing labour force, enterprising and imaginative management in government and business, and an increasingly diversified economy on a strong agricultural base. With these natural advantages, it is only a matter of will for Canadians to meet all the conditions for sustained and healthy economic growth. Moreover, in so doing, Canada will become a living demonstration to the rest of the world, East and West, that the surest and healthiest type of economic growth and social progress is that attained in an atmosphere of political and economic freedom.

The Berlin situation is certainly a matter for concern, but there seems every likelihood that the freedom of West Berlin will be maintained pending a general settlement of the German question, and that the hounds of war will not be unleashed on that account. While I am not an economist, it is obvious that the joint challenge of unemployment and inflation is with us and must be met. I am confident that this challenge is being met and will continue to be met by the present government and that anything that can be done by the federal authority to resolve it or relieve its impact will be done. These are matters with which all Canadians will be concerned when the new budget is brought down.

Honourable senators, it is apparent from the nature and extent of the legislative program foreshadowed in the Speech from the Throne that we may expect a busy, interesting and indeed a strenuous session. I am satisfied that the Senate, with the aid of its standing committees and their highly competent chairmen, will acquit itself well. We are well organized and ready for eventualities. But may I express a personal hope, which I feel sure is shared by other honourable gentlemen, that we may be able to deal with what comes before us with such reasonable dispatch that we may be able to spend at least part of next summer in the great out-of-doors.

Honourable senators, may I say a few words in conclusion. I mentioned earlier in my remarks that the precise terms of the measures to be introduced at this session have not yet been disclosed. However, this is only partly true of one proposed measure—the proposal for the enactment of a Canadian Bill of Rights. Bill C-60, incorporating a Canadian Bill of Rights, was introduced in the other place by the Right Honourable the Prime Minister in the closing days of the last session, given first reading, spoken to by himself and by the Leader of the Opposition and the Leader of the C.C.F. group, and then allowed to expire upon the order paper. We cannot, of course, be sure that the new bill will be in precisely the same form of words as the former bill, but we have at least a substantial idea as to its probable tenor.

We must, as always, reserve final judgment on the terms of the bill until it reaches this chamber. However, I do feel that a few general observations might be appropriate on this particular proposal, which in a special sense is the personal, long-standing project of the Prime Minister. He has advocated a Canadian Bill of Rights consistently almost from the first day he sat in Parliament, and has since advocated it from almost every platform—and there are many—from which he has spoken in Canada.

In my own opinion, he has a mandate from the people of Canada, and a very substantial one, as he perseveres in his efforts to reaffirm at least in statutory form the basic rights and freedoms of all Canadians. My personal belief is that most people respect his motives and agree with him in principle with regard to the proposed measure. Indeed, my expectation is that the debates in both houses will be on the highest possible level and that the partisanship which necessarily and properly attends the discussion of many controversial measures will in this instance be conspicuous by its absence.

Honourable senators, the Prime Minister has persevered but he has not rushed this measure. There has been every opportunity afforded to the public at large, as well as to individuals, associations and societies, to examine and consider the implications of the proposed legislation. And there is every indication that full advantage has been taken of the opportunity by all those interested in strengthening and preserving our rights and liberties, not only against possible external foes but indeed against ourselves. It has been observed by many that since the outbreak of the first Great War there has been a tendency towards the erosion of personal liberty and that the expedients of wartime—*inter arma leges silent*—tend to become the practices of peace. I am sure that there is in all of us a fundamental love of liberty and that the danger in future is perhaps not so much that there will be infringements by deliberate intent, but that they may occur through expediency, haste, apathy or neglect. At least, I hope that this is so. The process of erosion must stop, and be stopped in whatever manner is open to us.

Perhaps I need not remind honourable senators that the desirability of enacting a measure incorporating in statutory form a Canadian Bill of Rights has already been endorsed by the Senate of Canada. In 1950 the Senate unanimously approved the report of the Special Committee on Human Rights and Fundamental Freedoms, presided over by

our colleague Senator Roebuck, which concluded in part as follows:

> Your committee therefore recommends that, as an interim measure, the Canadian Parliament adopt a declaration of human rights to be strictly limited to its own legislative jurisdiction.
>
> —Such a declaration of human rights adopted by the Canadian Parliament would solemnly affirm the faith of all Canadians in the basic principles of freedom, and it would evidence a national concern for human rights and security. Judges would recognize the principles of such a declaration as part of Canada's public policy, and subsequent parliaments would hesitate to enact legislation violating its revered principles. To adults it would convey a feeling of security, and children would memorize its terms with pride.
>
> Canada should lead the world in reliance upon the rule of law, in her respect for human rights and in her care for fundamental freedom, and in a love of liberty. Her adoption of a national bill of rights in due time would set an example which would enhance her status among the nations and which might lead to similar progress by others.

Honourable senators, I do not usually employ ornate or dramatic language, but I hope that you may agree that a pound of prose deserves at least an ounce of rhetoric. We know that in many parts of the world the lamps of freedom are either out or burn but dimly in the courageous hearts of men. But we may be sure of this, that man's struggle for personal freedom in an organized society dedicated to the emancipation and development of the human personality and spirit will extend into the millenium, or at least until the lamps of freedom are burning brightly everywhere in the world. Let us do whatever we can as Canadians and as world-citizens to further the cause of liberty and justice under the law.

Honourable senators, I second the motion for an Address in reply to the Speech from the Throne.

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

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, January 22, 1959

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

Prayers.

NEW SENATORS

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

John G. Higgins, Esquire, Q.C.,

John A. Buchanan, Esquire,

John Hnatyshyn, Esquire, Q.C.

respectively, have been summoned to the Senate.

NEW SENATORS INTRODUCED

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

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

Hon. John G. Higgins, of St. John's, Newfoundland, introduced between Hon. Mr. Aseltine and Hon. Mr. Brunt.

Hon. John A. Buchanan, of Edmonton, Alberta, introduced between Hon. Mr. Aseltine and Hon. Mr. Gladstone.

Hon. John Hnatyshyn, of Saskatoon, Saskatchewan, introduced between Hon. Mr. Aseltine and Hon. Mr. Horner.

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

GUESTS IN SENATE GALLERY

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that we have in our gallery this afternoon two very important visitors from India; they arrived here in Ottawa at 1:50 this noon, and I met them in the name of the Senate at Uplands airfield, greeted them in your name, and invited them to sit in with us in the gallery this afternoon. I welcome them, and we hope, all of us, that their stay in Ottawa will be a very pleasant one indeed. I will do my best in your name, honourable senators, to make it that way, and I think they will leave Ottawa on Saturday, to fly back to India, happy that they paid us this visit here in Ottawa.

The first gentleman on the left, in the grey suit, is the Honourable Shri S. V. Krishnamoorthy Rao, Deputy Chairman of the Indian Senate. The second gentleman, in the centre, is the Honourable Dr. U. Krishna Rau, Speaker of the Madras Legislative Assembly. The gentleman accompanying them is Mr. N. B. Menon, First Secretary of the Indian High Commission in Canada.

Honourable senators, may I also take this occasion to greet the beautiful women in the gallery who are part of the families of the three new senators. I think I can give the ladies the assurance that for a few weeks at least our honourable senators on the left will treat the new senators with very special care and will be very kind to them indeed. They should have no worries for at least a few weeks.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I table certain reports, as follows:

Report of the Department of National Revenue containing statements relative to customs-excise revenue and other services by ports and outports, excise and income of Canada, for the fiscal year ended March 31, 1958, pursuant to section 5 of the Department of National Revenue Act, Chapter 75, R.S. 1952. (English and French texts).

Report of the Department of Transport for the fiscal year ended March 31, 1958, pursuant to section 34 of the Department of Transport Act, Chapter 79, R.S. 1952. (English text).

Report of the Air Transport Board to the Minister of Transport dated December 31, 1958, concerning transcontinental air services. (English and French texts).

ECONOMIC OUTLOOK, 1958

REQUEST FOR COPIES OF REPORT

Hon. W. Ross Macdonald: Honourable senators, on Tuesday night the Leader of the Government (Hon. Mr. Aseltine) tabled the report of the Department of Trade and Commerce entitled, "Canadian Economic Outlook for 1958 and Statistical Supplement", in the English text. I was amazed today when I endeavoured to get a copy of that report to find that there is only one copy in existence in the Senate, and that is the copy that was tabled in this house.

Now, honourable senators, this is a very important document and I cannot understand why more copies have not been received in the Senate. I remember distinctly that when a similar report for the year 1957 was tabled in the other house there were plenty of copies

available. I would appeal to the Leader of the Government to obtain copies of this important report so that each senator could have a copy of same.

Hon. Mr. Aseltine: I will look into the matter and see what can be done about it.

DIVORCE

ADDITION TO COMMITTEE MEMBERS

Hon. George S. White, with leave of the Senate, moved:

That the name of the Honourable Senator Hnatyshyn be added to the list of senators serving on the Standing Committee on Divorce.

Motion agreed to.

ADJOURNMENT

Hon. W. M. Aseltine: Honourable senators, I move, with leave, that when the Senate adjourns today it stand adjourned until Tuesday next, January 27, 1959, at 8 o'clock in the evening.

Motion agreed to.

UKRAINIAN NATIONAL REPUBLIC

FORTY-FIRST ANNIVERSARY OF DECLARATION OF INDEPENDENCE

On the Orders of the Day:

Hon. William M. Wall: Honourable senators, with the consent of honourable members I should like once again to bring to the attention of this house the fact that today, January 22, marks what is the forty-first anniversary of the Proclamation of Ukrainian National Sovereignty and Independence. This event occurred in 1918, in the capital city of Kiev, in Eastern Ukraine. In November of the same year the Ukrainians in what we term Western Ukraine similarly proclaimed their free will to national self-determination and sovereignty; and on January 22, 1919 the then free and democratically governed Ukrainian states achieved political unification and proceeded to organize a new, modern, democratic and Christian state.

I know that the Canadian citizens of Ukrainian descent—and there are approximately 450,000 of them—would deeply appreciate the fact that some mention was made in the Parliament of Canada of these highly significant events in the gallant yet tragic struggle of the Ukrainian people in their historic search for democratic freedoms and national self determination. Such recognition would revitalize their undimmed convictions that there is, in fact, an increased awareness in Canada of the historical record of the momentous, confusing yet incontrovertible events which preceded and followed their Ukrainian declarations of national sovereignty and complete independence. This public awareness will be our safeguard and effective insulator against the mounting barrage of communist propaganda which attempts to prove the thesis that the Union of Ukraine with Russia—which, incidentally, communist spokesmen date back to the infamous Treaty of Pereyaslav in 1654—is a logical and legitimate result of the whole past history of the two brother Slav nations, the Russian and the Ukrainian. A whole series of special books and monographs has been ground out by them to prove that this ostensibly voluntary and fraternal development is a free expression of the will of the Ukrainian people, supposedly because of the many centuries of economic, political and cultural bonds between Ukraine and Russia. Indisputable facts about Tsarist oppression and the present colonial position of the Ukrainian S.S.R. are conveniently overlooked or denied, in the hope that the continued and painful existence of the Ukrainian problem in Eastern Europe and the legitimate hopes and aspirations of the submerged and enslaved people within the U.S.S.R. may be relegated below the level of active public consciousness and conscience, and thus removed from the stage of active, public discussion and consideration. This, honourable senators, must not be allowed to happen.

It is not my purpose to discuss at length the confused and tragic events which preceded and followed these declarations of political independence and unification. Lacking friends and allies, the gallant Ukrainian National Republic was attacked simultaneously by groups and régimes unfriendly to her, and her peoples were partitioned and forcibly incorporated into the Soviet Union, Poland, Czechoslovakia and Roumania. After World War II there occurred the communist version of political unification and the so-called free federation of the remaining Ukrainian people with the U.S.S.R.

It is of some significance, however, to underline that Ukraine is one of the oldest European nations, with cultural, religious and governmental tradition going back more than a thousand years. The Ukrainian people are a traditionally democratic and Christian nation, cherishing freedom and the rule of law, and valiantly struggling for a free and sovereign right to build an independent Christian state. Because of her vitally strategic geo-political position in Eastern Europe, because of her wealth of natural resources and the fabulous richness of her soil, and because of the creative husbandry

of her people, Ukraine has always been a prime target of aggression by her many neighbours.

It is also important to remember that although the Ukrainian republic was short-lived and fell under the forcible occupation of the Russian communists, the love of democracy and freedom lives on in these suppressed peoples and their resistance to atheistic communist totalitarianism has never ceased.

No people have been more heroic, nor fought more bravely for liberty and freedom than the Ukrainian people. Surely we in Canada, enjoying the blessings of democratic freedoms—which are our tried and trusted means expressing man's undying will to live in peace and friendship with his fellowman in accordance with the commandments of God—cannot and will not forget the other freedom-loving peoples of the world who are not free, those who also cherish liberty but who must live without it.

Furthermore, a just solution of the problem of Ukraine continues to present—and this I underline—the freedom-loving peoples of the western world with a dominant and significant key in the continuing struggle against communism, to which struggle are inextricably related the causes of freedom and peace in the whole world.

This traditional observance of Ukrainian Independence Day, overtly by all Ukrainians in the free world—and there are some two million of them—and silently in the innermost recesses of their hearts by approximately 40 million presently muzzled and subjugated Ukrainians—has been a solemn occasion for the reaffirmation of our active faith in the eventual liberation of all the enslaved peoples within the communist empire. Ukrainians believe that the causes of liberation and national freedom are indivisible and that if we are to sustain our own national security, then our time-tested democratic ideals of inalienable, God-given rights of liberty and justice under laws which are democratically evolved must be applicable to all captive nations within the ever-more threatening modern colonial tyranny of Soviet Russia.

Permit me to underline what I consider to be the basic significance of these declarations of independence. Surely the Ukrainian people have the right and indeed the duty to express freely and without forcible duress what is their considered and free will concerning their form of government. This right and this duty they exercised in 1918 and 1919, the only time they were free to do so. And what was this freely, democratically-expressed verdict? To organize an independent sovereign, democratic, Christian national republic. The validity and the legality of this verdict is an historical milestone which continues to be our beacon light—until and unless the Ukrainian people freely and openly resign from this centuries-old position. Communist preachments to the contrary, this free and untrammelled expression of the will of the Ukrainian people has been denied to them by tyrannical means and practices which it is not my purpose to identify or discuss on this occasion. It should suffice that I simply and categorically reiterate that the Ukrainian people have been constitutionally disfranchised of their personal and national freedoms and rights, persecuted and martyred for their religious and democratic beliefs, and effectively exploited as a provincial colony of the Soviet Union economically, socially and culturally. Wherever Ukrainians reside, they voice what they believe to be the true aspirations and hopes of their captive brothers and sisters, namely, that they suffer this subjection to Soviet despotism only under duress and that they are not reconciled to a continuation of this denial of genuine personal freedom and true national independence.

I close with what I believe to be a stirring quotation from an address of the Honourable Senator Herbert H. Lehman of New York, delivered in the Senate of the United States on January 21, 1955:

> In this day and age, when the gathered force of public opinion, and of world opinion, exerts so powerful an influence on the course of history, no iron curtain, however strong, no slave state, however high its gates, and however powerful its masters, will be able to survive the persistent onslaught of the world's will to freedom.
>
> Just as the walls of Jericho crumbled at the sound of Joshua's trumpets, five thousand years ago, just as surely will the iron curtain fall under the rays of freedom's piercing light. It cannot be otherwise. This is our faith and our creed.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

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

Hon. W. Ross Macdonald: Honourable senators, my first remarks should be words of welcome to our three new senators. I am sure that it will not be long before they will feel very much at home in this chamber and with their fellow senators. The three newly-appointed senators are men of wide business experience and interested in the affairs of state. In fact, I understand that one of them made five unsuccessful attempts to get into either the Legislative Assembly of his province or the House of Commons before he was

fortunate enough to get into the Senate. I am not as high in his class as he is. However, I might say that I made two unsuccessful attempts to get into the House of Commons before I arrived there.

Another new senator was the Leader of the Opposition in the legislature of one of our provinces. The remaining new senator, I understand, has taken a very active interest in the political association of his province.

We welcome these three new senators this afternoon. I am sure I can tell them that they are coming into a body which is not closely bound by narrow party prejudices nor by political advantages. We are not strictly partisan. The late Senator Dandurand once said:

> We stand above the sharp division of party that exists in the other chamber.

Also, I can assure our newcomers that we in this body are all friends. When I say "My friend the Leader of the Government" I do not say it in any perfunctory way, but in a very sincere way. So we welcome the three new senators today as friends.

Honourable senators, I join with those who have already spoken in saying how happy we are to have Mr. Speaker back with us again this year. His Honour represented us with distinction at various international assemblies last year. Among them was the meeting in Paris of the NATO Parliamentary Association, an organization which was established largely through the instrumentality of the honourable senator from Shelburne (Hon. Mr. Robertson). Representatives from both sides of this house were present at that assembly. Then quite recently in Washington there was a gathering of members of the American Congress and of our Canadian Parliament, at which also there were representatives from both sides of this house, along with representatives from both sides of the House of Commons. In the early part of the winter this year I understand there will be a Commonwealth Parliamentary Association meeting in Australia, an association to which the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) contributed greatly. I have no doubt that at that gathering there will be representatives from both sides of this house. Another very important international gathering was that of the United Nations in New York. An excellent representative from the Senate, the honourable gentleman from Winnipeg South (Hon. Mr. Thorvaldson), was in attendance at that meeting, but I regret to say that he was the sole representative from this house. There was not a representative from the Opposition side of the house. It seems to me that at such an important gathering there should be at least one representative from each side of the Senate. I think it was said that when the Liberals were in power there was only one representative from this house at the United Nations gathering. I pointed out at that time that the numbers of the Opposition, unfortunately, were very small. At the present time there are over three times as many members in the so-called Opposition as are on the Government benches. Under these circumstances, surely, we should have one representative. I am quite satisfied, Mr. Speaker, that the Leader of the Government (Hon. Mr. Aseltine) would support all I am saying; and now I am appealing to you, sir, to use your good offices to see that at the next meeting of the United Nations there will be a representative from each side of this house.

Honourable senators, I now wish to compliment the mover of the Address in Reply to the Speech from the Throne (Hon. Mr. Pearson) and the seconder (Hon. Mr. Choquette) on the splendid addresses they delivered. I am sure we all enjoyed them greatly. The mover described conditions in western Canada in the early days very well. It was a fine thing for him to do, for we are too apt to forget the hardships under which our forefathers struggled. He pictured the early conditions very vividly, and in paying a well-deserved tribute to our forefathers brought back to our memories the fact that they did much to make our path easier.

(Translation):

Hon. W. Ross Macdonald: I also wish to offer my sincere congratulations to the honourable senator from Ottawa East (Hon. Mr. Choquette) who seconded the motion for an address in reply to the Speech from the Throne. I was deeply touched by the kind words he spoke about me, and I know that the good relations we have always had will continue in future. The honourable senator is endowed with extraordinary oratorical gifts, and the conviction with which he spoke has been apparent to everyone. After mentioning the fact that Senator Choquette is perfectly bilingual, may I continue my speech in English.

(Text):

I have said that the honourable senator from Ottawa East (Hon. Mr. Choquette) is completely bilingual. We were amazed, and I think somewhat envious, that he could express himself so well in both our languages. I noticed particularly that he did not just deliver a speech first in French and turn around and translate it into English; he delivered two separate speeches. During his remarks, the honourable senator said that he looked forward to the day when we would have the installation of a system of simultaneous translation in this chamber. No

doubt that would be of advantage to many members, and I certainly am not opposing it, but one sometimes wonders if it would not make us a little more content to know just one language.

Hon. Mr. Crerar: Hear, hear.

Hon. Mr. Macdonald: When I was Speaker of the House of Commons I felt that I should try to learn French, and I studied that language more or less as a pastime—and it was a very rewarding pastime indeed. I do not know French well, but I managed to get along. I was in France last summer, and I was surprised how well I got along with the knowledge of French that I have. Some may feel they are too old to learn French. Honourable senators, I started to speak that language when I was 60 years of age, so there is hope for many senators here who do not speak it.

Honourable senators, this is the third session of Parliament since the present Government took over the administration of the affairs of our country, but I think I can fairly say that it is the first regular session. The other two might be called "emergency" sessions. At least they were emergency sessions so far as the Government was concerned. The emergency in the first session—that was the one which opened on the 14th of October 1957 and was closed in an unprecedented manner by the Prime Minister when he announced to the members seated in the House of Commons who thought they were in session that actually they were not in session because Parliament had already been dissolved—the emergency in that session was the anxiety of the Government to rush through certain legislation which had a popular appeal so as to assure the Government of re-election at the pending election which was to be in the very near future. You will recall, honourable senators, that during that first session Parliament sat a little more than three and a half months, including the Christmas recess, and passed more bills than are usually passed in a session of twice that duration.

The second session, which I will also describe as an emergency session so far as the Government was concerned, commenced on the 12th of May 1958, after the Government's resounding victory at the polls, and again was prorogued after sitting scarcely more than three and a half months, on the 6th day of September 1958. During that session, as in the previous one, the Government set a record by placing on the Statute Books more important legislation—I think I can safely say more important legislation—than had ever been placed on the Statute Books in such a short space of time. Of course there was an emergency in that session: it was the Government's understanding that it was necessary to get all this legislation through Parliament in a hurry so as to enable the Ministers of the Crown to travel to, oh, so many places throughout the world disseminating good will and friendship to the peoples of those many lands. Never in the history of this country have Ministers of the Crown travelled so far at the same time and in such a short time after having been elected to office. Now, honourable senators, I do not want you to think that I am opposed to all these voyages, for many of them contributed much to the development of trade and to the creation of better understanding among the peoples of the world. But what I do object to is the rushing through of legislation without giving to Parliament all the information which is in the possession of the Government and which Parliament is entitled to have. Either the journeys can wait or the legislation can wait.

Let me take one example. Honourable senators will recall that at the tail-end of last session, in fact on the very day of prorogation, this house received for consideration one of the most important items of legislation that came to us in the whole session, namely, the amendment to the Customs Act, generally referred to as the Anti-Dumping Bill. A number of honourable senators on this side of the house were very deeply concerned about this measure, for various reasons. For instance, some of us thought it would constitute a violation of the General Agreement on Tariffs and Trade to which Canada is a signatory, and that other nations which are parties to the agreement might consider it a breach of faith on the part of Canada and in consequence perhaps withdraw from the agreement. But we were assured at that time, directly or by implication, that no country which was a party to GATT had taken exception to what Canada was doing.

Now, honourable senators, I regret to say that that was not the fact. This anti-dumping legislation was passed by the House of Commons on the 5th of September and by this house on the 6th of September. I repeat that at the time of the passing of the bill—and I cannot emphasize this too strongly—both houses were assured by the Government, either directly or by implication, that no nation which was a party to GATT had made any representations against the provisions of the bill or had raised any question that it was a violation of GATT. But what was the fact? On September 3—that is, before the bill was considered by the House of Commons—the United States Ambassador to Canada, the Honourable Livingston Merchant, after having pre-

viously written a letter which went unanswered, had written a second letter to the Government in which he stated that it was his Government's opinion that the legislation was not entirely consistent with Canada's obligations under the multi-country General Agreement on Tariffs and Trade and that it was a violation of GATT. He also stated in that letter that in his country's opinion Canada had taken a retrograde step on international trade, and that this legislation would impede the flow of shipments between the two countries and might force the United States to impose restrictive measures of her own.

Honourable senators, the Government says now that something very unusual happened in the Department of External Affairs in connection with that letter dated September 3. The Government does not deny that the letter was received at the Department of External Affairs on September 3, but it states that it was received by a junior member of the External Affairs Department. How junior, I do not know. This junior official in this department where everything is supposed to be streamlined and where communications from representatives of foreign countries are treated with such great respect and almost as sacred documents, is said to have kept this document to himself until the bill passed the House of Commons—a most unusual occurrence, but I do not wish to comment further with regard to it. I would point out that no one has yet denied that the Government knew the contents of that letter when the bill was presented to this house, and that it knew the contents when the bill went through the House of Commons. Was the letter held up one more day? No one has stated. Everyone admits that the first letter, of June 26, was in the hands of the ministers before the bill was introduced in the House of Commons. I think no one will take issue with me when I say that Parliament was entitled to know the contents of the American Ambassador's letter, and it was the duty of the Government to give this information to Parliament before the Government asked us to pass that legislation.

I am not suggesting that the Leader of the Government in this house (Hon. Mr. Aseltine) knew of those letters. I am satisfied that he would not stoop to being a party to any arrangement to withhold knowingly any information, and I would ask him to inform the members of his Government that if they want the co-operation of this honourable body we expect them to be perfectly frank and honest with us.

While I am dealing with legislation, may I compliment the Leader of the Government on being able to introduce two bills into this house so early in the session. We were quite disappointed in this respect during the past two sessions, but, as I have said, they were emergency sessions, and we will let bygones be bygones. The Leader of the Government told us the other day, and we were all delighted to hear it, that it is expected that the work of Parliament will be concluded so that Her Majesty can prorogue Parliament on July 1. This house is well prepared and anxious to assist the Government to bring about that state of affairs, and I can assure the Leader of the Government that we on this side of the house welcome more legislation being turned over by the Government to the leader in this house. In that way we can help the Government to get legislation through in time so that prorogation can take place on July 1.

Honourable senators, you may say I have not said much about the Speech from the Throne so far. There is a great deal in the Speech to which I would like to refer, but I will not take time to mention more than one or two items. I should like to refer to the problem of inflation. It is a terrific problem, the impact of which has terrifying results. This came to me very forcibly when I was in France last fall and for every Canadian dollar I had I received about 400 francs. At the present rate of exchange I would get nearer to 500 francs. Not so long ago the franc was worth 20 cents in Canadian money; at that time instead of receiving 500 francs for a Canadian dollar, we received 5 francs. I do not wish to suggest that our money is deteriorating to anything like that extent. I merely mention it to show what an evil thing inflation is. Reference has been made to what would happen today to the proceeds of an insurance policy in France. Suppose a man had taken out a policy for $1,000 in terms of our money when the franc was worth 20 cents—that would be a policy for 5,000 French francs. If it came due today his widow, if she were the beneficiary, would receive 5,000 francs, but they would be worth only $10 in our money. Or, if when the franc was worth 20 cents the widow had a monthly pension of, say, 500 francs, or $100 in our money, her monthly pension today would still yield her 500 francs, but they would be worth only one Canadian dollar. You may say that 500 francs will buy more in France than one Canadian dollar will buy here. Well, honourable senators, I did not find it that way. I did not find that prices were a great deal different in France from what they are in Canada.

I recently read in the Brantford *Expositor*, an interesting little article entitled "Inflation", which I should like to quote. It says:

> At one time, not so long ago, either, a one-thousand-franc note was worth $200 Canadian. Today it is worth two dollars and thirty-eight cents at the official rate of exchange.
>
> What would happen if our proud Canadian dollar were to take a similar skid? Well, to give an illustration, a suit of clothes you now buy for about $100 would cost you $8,400. What about a car? A so-called low-priced job would run you a mere $250,000.
>
> This is what inflation means—and we could get into it.

Honourable senators, I do not suggest that our dollar is depreciating to anything like the extent to which the franc has depreciated. I hesitate to suggest what would happen if things got as bad as that in Canada, because I cannot anticipate their ever getting that bad here, but I mention these things so that we might realize just what distress inflation can cause when it gets out of hand.

There was in the Speech from the Throne one reference to inflation; it is just one sentence in a short paragraph:

> They
>
> That is the Government—
>
> —believe that as recovery proceeds there will be increasing need for care to preserve the stability and purchasing power of our currency.

Note the words, "increasing need for care". That is indeed a classic example of understatement. To many of us it would appear that little, if any, care has been taken up to the present time to preserve the stability and purchasing power of our currency.

Now that the monster of inflation is getting too close for our comfort the Government states that increasing care must be taken to combat it. Why was that care not taken months ago, when we could have prevented ourselves from getting into the predicament in which we now find ourselves where, for the first time in our history, Canada cannot sell its bonds to the general public but must resort to selling them to the chartered banks or to the Bank of Canada? In January 1958 the general public held $8,628 million in Government bonds, which figure does not include the bonds held by the banks. At the beginning of this year, notwithstanding the continued increase in our population and the larger sum of money in circulation, the public held only $7,953 million of those bonds. That is, the holding of Government bonds by the general public had decreased in about a year by approximately $1 billion. These figures are approximate, but there is no mistaking the fact that the holding of Government bonds by the public is definitely on the downgrade. This is a regrettable trend which we must do all in our power to correct.

I do not want anyone to say to me that I am a fear-spreader or a calamity howler. I am merely stating regrettable facts which must be brought to the attention of our people. In this way I am rendering a service to the Government, for when the people are fully aware of what is taking place it will be easier for the Government to apply the necessary remedy.

There is another matter which has had a direct bearing on the inflationary spiral in which we find ourselves; and that is the fact that, although a very considerable increase has occurred in the amount of money in circulation, there has not been in the same time any noticeable increase in the volume of goods and services produced. This fact has been stated many times. We have seen it in the *Financial Times*, the *Financial Post*, and other financial and general papers; I remember an article on the same subject in *Maclean's*, and I also read one in a magazine edited by my honourable friend from Kennebec (Hon. Mr. Vaillancourt), *La Revue Desjardins*. There is also a very good compilation of editorials which appeared in the *Leader-Post* of Regina and the Saskatoon *Star-Phoenix*. These booklets are entitled "Stop Thief" and "Inflation Spells Ruination". They contain much useful information, and honourable senators who get them will find them very interesting indeed. One statement I obtained from these sources is that during the 13 months ended October of last year the flow of money in the hands of the people increased by 14 per cent. That is to say that at the end of October 1958 there was in circulation or in the banks capable of being circulated $114 for every $100 that had been in existence 13 months earlier; and as I have stated, during that period there had been no increase in the volume of output of goods and services. My information is that this 14 per cent increase of money means, in dollars, the huge amount of $1,500 million. So at the end of October 1958, in the pockets of the people or in the banks, there were 1,500 million more dollars than there had been at the end of September, 1957.

Honourable senators may ask me, if the public is not buying the bonds, how is the Government raising sufficient funds to provide for the enormous deficit which is resulting from its spending? The answer, of course, is quite simple. The Government takes its bonds to a bank, either a chartered bank or the Bank of Canada. The bank buys the bonds and pays for them by giving the Government a credit on the bank's books for the amount of the bonds, and from time to time the bank issues the money necessary to

meet the withdrawals which are made by the Government on the credits that the bank has provided for it.

This Government has been in power for 18 months. If this type of financing continues, I hesitate to think to what extent the spiral of inflation will rise during the next 18 months unless the Government is courageous enough to face up to this problem. It is not beyond solution. I recognize it is a difficult problem—a very difficult problem —but I repeat, it is not beyond solution. The Government of the United Kingdom has faced up to it, and as a result the cost of living in that country has not increased during the 12-month period which ended last November.

I realize, honourable senators, that the Government has been deeply engrossed in political matters which at the moment were rewarding, but the Government cannot say that it was not warned of the pitfalls that beset it. Speech after speech, most of them eloquent and all of them convincing, was made in this house, in which honourable senators warned the Government of the folly of its spendthrift policies and besought it to desist therefrom. If the Government had listened to the advice of these senators who, as the Government must know, are men of broad experience both in affairs of state and affairs of business, and none of whom have any political axe to grind, it would not have waited until the Speech from the Throne of 1959 to start to take care to preserve the stability and purchasing power of our currency. The Government, however, has started. That is encouraging, and it is something for which we are all thankful.

Hon. Mr. Euler: What did it start?

Hon. Mr. Macdonald: My honourable friend asks, what has it done? Well, the Government at least refers to the problem in the Speech from the Throne. It will no doubt call upon the Canadian people, and more particularly those in the business world, to take a united stand against forces of inflation. But the Government must give leadership, and that cannot be done by minimizing the importance of this problem, or by saying, for example, "It isn't as bad as some people think", nor by calling it "really only creeping inflation". In combatting the rising tendency the Government must give the necessary leadership, and people are expecting that leadership from the Government.

The former administration did face up to that issue and give the necessary leadership. When the present administration came into power it adopted a financial policy which was a direct reversal of the policy of the former administration. And with what dire results! I have not any doubt, honourable senators, that if the present administration had followed the financial policies of the St. Laurent Government under its able Minister of Finance, the Honourable Walter Harris, we should not have had either the unemployment or the inflation which today beclouds the future of our country.

Hon. Mr. Brunt: He could not get re-elected on that policy.

Hon. Mr. Macdonald: My friend immediately talks about being re-elected. Is that all my friends on the other side of the house think about—being re-elected? I am not talking about that; I am talking about the welfare of the country, and I intend to continue my speech along those lines.

But, honourable senators, before leaving the subject let me say that I do not want to create the impression that I believe we would have been better off if over the years there had never been any inflation. I do not pine for the "good old days" when eggs were 10 cents a dozen, butter was 12 cents a pound, coal $4 a ton, et cetera, et cetera. Our history has been one of great economic advancement. Our natural resources have been tremendously developed. Along with this our standard of living has been greatly increased. This has been made possible by the development of our physical resources, and more money has of necessity become available to more people. That is all to the good. But it must be remembered that this increase in the supply of money took place during a period of an expanding economy with full employment. On the other hand, today we are seeing an upward spiral of inflation during a period of recession and high unemployment. That is where the danger lies.

That is all I will say about inflation, but there is another problem which concerns us all and which I know is giving the Government deep and heart-searching concern, and that is the unprecedented number, for this time of year, of our able-bodied men and women who are out of employment. The latest figures, announced just the other day, are to the effect that 440,000 men and women were out of work in December and looking for jobs. That figure is 79,000 greater than the figure for the month of November and 48,000 higher than the figure for the corresponding month of the previous year.

Honourable senators will recall that in March of last year, which was the peak period of our unemployment, there were 559,000 unemployed men and women in Canada. I am afraid that, if the rate of increase over the past few months continues, the regrettable record of March 1958 will be broken in March 1959. Let us sincerely hope that this will not be the case.

Whenever figures are quoted with regard to unemployment some other figures are always brought forward by way of contradiction. Someone suggests there are more people working today than there were last year, or somebody else submits that more people are included in the unemployment figures than are actually out of work. I do not want to get into a discussion as to whether there are more or fewer people unemployed today than at some other time. What does concern us all is that there are at least 440,000 able-bodied men and women out of employment. That figure suggests to me that the finding of work for these hundreds of thousands of men and women remains one of Canada's top problems, and one for whose solution I can assure the Government it can count on the help of all members on this side of the house.

The question does arise, and I think we should consider it: why do we in this prosperous land find ourselves with so many people unemployed? There are many reasons, but in my opinion one of the fundamental causes is a result of the Government's trade policies.

Hon. Mr. Horner: Unemployment insurance is the main cause.

Hon. Mr. Macdonald: I am not going to argue that with my honourable friend from Blaine Lake (Hon. Mr. Horner). I am not analysing all the causes, but I repeat that one of the fundamental causes is a result of the present trade policies of the Government. These policies, instead of bringing about an increase in our overall trade, have contributed to the bringing about of a reduction in that trade. The high standard of living to which this country has attained is due in no small measure to its overall trade; that is, to the grand total of our combined imports and exports. Whenever that trade is disrupted on a large scale it results in most serious and often disastrous consequences within our country. I think you will all agree with me that we must maintain a high level of foreign trade, that is of our exports and imports. A reduction in one without a corresponding increase in the other results in a slackening of our economy.

During the eleven-month period ending in November our imports decreased by 9 per cent to $4,769,500,000 from $5,230,800,000. During the same period our exports remained practically unchanged from $4,481,200,000 to $4,480,200,000. This reduction in our imports with no corresponding increase in our exports is a direct reflection of the slowing down in business. Honourable senators will recall that the Prime Minister suggested we should reduce our imports from the United States by 15 per cent and increase our exports to commonwealth countries by a similar amount. Well, we have decreased to a considerable extent our imports from the United States, but at the same time our total imports from the commonwealth countries also decreased. It is obvious and unnecessary for me to repeat, but I do so for emphasis only, that a decrease in our imports with no corresponding increase in our exports results in a reduction in our overall trade and, because of our expanding population, which this year has increased from 16,887,000 to 17,275,000, is bound to bring about a condition of unemployment in our country.

Now, what effort has the Government made to develop Canada's trade? I do not think I am being unfair when I say that the Government has brought down no legislation whatsoever which would be beneficial to the development of world trade and thereby to the creation of jobs for our unemployed. During the election the Prime Minister promised—and thereby gained many votes which elected many candidates—to do something to help the ailing textile and woollen goods industries. The Government has been in power for a year and a half and nothing beneficial has been done. It has brought in two restrictive trade measures, neither of which has put one man into employment in the woollen goods and textile trades. During the eighteen months that the Government has been in power the number employed by textile and woollen mills has decreased rather than increased. During this period mills which prospered under the former administration have had to close their doors, either to give up business permanently or to move to other parts of the world. Workers in those mills voted for the present administration on the promise that legislation would be passed which would prevent such an event from taking place. It is obvious that restrictive trade measures will not restore jobs to these unemployed workers, and they are looking to the Government to declare just what it proposes to do by way of legislation to enable it to keep its promise with woollen and textile workers.

It may be said for the Government that it was instrumental in calling a conference in the early part of this month between cabinet ministers from Canada and from the United States to discuss trade between the two countries. This conference must have been a great disappointment to the Canadian ministers. Cabinet ministers from the two countries talked with one another at official meetings for nine hours, and it is interesting to note that they then spent three hours haggling over the wording of the report. Well, I can quite understand that, because nothing was decided; everything was left for a future conference. The report itself tells

of the problems, but in each case it says that consideration will be given at the next meeting.

Another important gathering, a commonwealth conference, took place in Montreal at the end of September. It was hailed, according to the *Financial Times* of Montreal, as a great conference to discuss problems of mutual interest "to an expanding commonwealth in an expanding world". At its conclusion it was described in Lord Beaverbrook's *Express* as the "saddest imperial conference that ever took place". I must admit that my knowledge of previous conferences is not wide enough for me to compare results, but whether or not the September conference was as fruitless as the *Express* implies I think it is and will continue to be a good thing for representatives of the different commonwealth countries to get together periodically and discuss problems of mutual interest. Even if the problems discussed at Montreal were not solved, I am sure that the representatives of commonwealth countries got to know one another better as individuals and came away with a better understanding of their mutual problems and of the specific problems of each country. I thought, however, that our Government was going a little too far in claiming that the lifting of certain British import restrictions was a direct result of this conference. If the Government wants to take satisfaction for that I will not stand in its way, but it seems to me that the withdrawing of these import restrictions had been decided by the British Government long before the delegates ever came to Canada and that it was merely the announcement that was made in Canada.

The Government also gives credit to this commonwealth conference for the introduction of so-called convertibility by the United Kingdom. In that claim, honourable senators, again I feel the Government is going just a little too far. The Canadian Government was no party to the arrangement for bringing about convertibility. The fact is that the convertibility which has been announced is not general convertibility, but only external convertibility, which had been in effect for some considerable time. This external convertibility is hailed by our Government as an intention on the part of the countries of western Europe to ease currency restrictions so that they can buy more of our goods. The difficulty that Canadian manufacturers and producers have in selling their goods abroad is due not so much to the currency restrictions as to the import quotas on a large variety of the goods which Canadians produce. If Canadian exporters are not to be disappointed, the official announcement will have little effect unless the British and the other European countries are prepared to do away with their import quotas. It is the import quotas which are the biggest trade barriers that our exporters have to hurdle.

Honourable senators, there is just one other matter I would like to mention briefly. I refer to the legislation which this Government introduced last session with respect to our trade. These bills were definitely restrictive trade measures, similar to the legislation passed by former Conservative administrations, and were the result of their high tariff policies, which invariably brought hard times to our country. The legislation passed last session did not go quite so far, but it did signify that the trade policies of the present Government are leaning in that direction. The Government seems to have forgotten something which has been repeated so often that it has become a cliché, namely, that trade is a two-way street. Our ships and trains and trucks must not only be loaded with Canadian products and manufactured goods destined to other countries, but must also be returning with goods produced in those countries.

At the present time practically every country in Western Europe is buying more goods from us than we are buying from them, and that applies not only to European countries but to practically every country in the world, with the exception of the United States. I have not the figures from 1958, but I have figures for the full calendar year of 1957, which I took from an editorial in the Toronto *Globe and Mail*. Without doubt they are authentic. In the year 1957 we sold to Britain $737 million worth of goods and bought from her in return goods worth $522 million, giving us a surplus of $215 million. To West Germany we sold $151 million, and we purchased $97 million from her, giving us a surplus of $54 million. What about Japan? In 1957 she was our fourth best customer. We sold to her $139 million worth of goods and purchased in return $61 million, giving us a surplus of $78 million. In 1957 we exported goods worth more than $10 million to 30 different nations. With five of the nations, namely, Switzerland, India, Cuba, Columbia and Sweden, our trade practically balanced; with four nations, namely, the United States, Venezuela, Jamaica and Brazil, the balance was in their favour; and with the remaining 21 nations the balance was clearly in our favour.

Let me mention some of the countries which had an unfavourable trade with us. We sold to Italy, France, Australia and Mexico twice as much as we bought from them; to the Netherlands, Argentina, Russia and Peru three times as much; to Panama and the Philippines four times as much; to

South Africa seven times as much; to Porto Rico twelve times as much; to Poland sixteen times as much; to Norway eighteen times as much; and to Pakistan twenty-two times as much.

Honourable senators, if we are to continue to have a large volume of trade with these countries we must pass legislation which will make it easier for us not only to sell more goods to them but at the same time to buy more goods from them. That is not going to be easy. That has been the type of legislation which has brought prosperity to Canada in years gone by—

Hon. Mr. Aseltine: Free trade?

Hon. Mr. Macdonald: —and is the only type of legislation that can bring prosperity and increase employment in Canada, not only in the immediate future, but in the era of great prosperity which I am very confident awaits Canada.

Honourable senators, we are all very much concerned with these great problems which beset us. I am one who is confident that we can solve them. I see for Canada a great and glorious future, but we must tackle these problems vigorously and courageously, with the determination to make Canada the greatest and the finest country in the world.

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

STANDING COMMITTEES

REPORT OF COMMITTEE OF SELECTION ADOPTED

The Senate proceeded to consideration of the second report of the Committee of Selection, which was presented Tuesday, January 20.

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

Hon. Mr. Pouliot: On division.

Motion agreed to, on division.

APPOINTMENT

Hon. Mr. Aseltine: Honourable senators, I beg leave to revert to notices of motion so that I may introduce certain motions predicated upon the adoption of the Selection Committee's report.

The Hon. the Speaker: Has the honourable leader the consent of the Senate?

Hon. Senators: Agreed.

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

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

Motion agreed to.

LIBRARY OF PARLIAMENT

JOINT COMMITTEE—SENATE MEMBERS

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

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

Hon. Mr. Pouliot: Honourable senators, before this motion is carried, I want to say once more that the library is rendering splendid services to the members of both houses of Parliament, and I can only praise the staff —Mr. Hardy, Mr. Sylvestre and the whole staff—who are so obliging and so helpful. They go to trouble when we ask them for information and they deserve every praise.

Hon. Mr. Roebuck: Hear, hear.

Motion agreed to.

RESTAURANT OF PARLIAMENT

JOINT COMMITTEE—SENATE MEMBERS

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

That a message be sent to the House of Commons by one of the Clerks at the Table, to inform that house that the Honourable the Speaker, the Honourable Senators Beaubien, Fergusson, Hodges, Howard, McLean and White, have been appointed a committee to direct the management of the Restaurant of Parliament, so far as the interests of the Senate are concerned, and to act on behalf of the Senate as members of a Joint Committee of both houses on the said Restaurant.

Motion agreed to.

PRINTING OF PARLIAMENT

JOINT COMMITTEE—SENATE MEMBERS

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

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

Motion agreed to.

The Senate adjourned until Tuesday, January 27, at 8 p.m.

THE SENATE

Tuesday, January 27, 1959

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

Prayers.

DOCUMENTS TABLED

Hon. Mr. Aseltine: Honourable senators, I table the following documents:

Report of operations under the International River Improvements Act for the year ended December 31, 1958, pursuant to section 11 of the said act, Chapter 47 of the Statutes of 1955. (English text).

Report on the administration of Part V of the Royal Canadian Mounted Police Act for the year ended March 31, 1958, pursuant to section 108 of the said act, Chapter 241, R.S. 1952. (English text).

Report relating to the administration of the Farmers' Creditors Arrangement Act for the year ended March 31, 1958, pursuant to section 41(2) of the said act, Chapter 111, R.S. 1952. (English and French texts).

Report on the administration of Old Age Assistance in Canada for the fiscal year ended March 31, 1958, pursuant to section 12 of the Old Age Assistance Act, Chapter 199, R.S. 1952. (English text).

Report of the Superintendent of Insurance relating to co-operative credit societies, to which certificates have been granted under the Co-operative Credit Associations Act, for the year ended December 31, 1957. (English text).

Seventh annual report of the Consultative Committee, dated November 1958, on the Colombo Plan for co-operative economic development in South and Southeast Asia. (English text).

Report of the Dominion Coal Board for the fiscal year ended March 31, 1958, pursuant to section 15 of the Dominion Coal Board Act, 1947, Chapter 86, R.S. 1952. (English text).

Hon. Mr. Reid: May I ask the honourable leader if the first report tabled refers to the Columbia River?

Hon. Mr. Aseltine: The first document I tabled was:

Report of operations under the International River Improvements Act for the year ended December 31, 1958, pursuant to section 11 of the said act, Chapter 47 of the Statutes of 1955.

I presume, therefore, that this is not the report my honourable friend has in mind.

Hon. Mr. Reid: I shall be anxious to see that report.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 2 to 15, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

PRIVATE BILLS

WATERLOO MUTUAL INSURANCE COMPANY—FIRST READING

Hon. W. D. Euler presented Bill S-4, to incorporate The Waterloo Mutual Insurance Company.

Bill read first time.

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

Hon. Mr. Euler: Thursday next.

CANADIAN MEDICAL ASSOCIATION—FIRST READING

Hon. Joseph A. Sullivan presented Bill S-5, respecting The Canadian Medical Association.

Bill read first time.

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

Hon. Mr. Sullivan: Thursday next.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, January 22, consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Pearson, seconded by Hon. Mr. Choquette, for an Address in reply thereto.

Hon. W. M. Aseltine: Honourable senators, I am pleased to see in attendance on both sides of the chamber so many of my senator friends, all apparently in the best of health. I feel that all of you are ready, willing, able and anxious to get down to work and do your usual good job.

The honourable Leader of the Opposition (Hon. Mr. Macdonald)) was kind enough, when speaking last Thursday, to refer very generously to the three new senators who have just been summoned to and become members of this chamber. I also wish to welcome them and to say a few words with regard to each of them.

I have known Senator Hnatyshyn for, probably, 25 years, and believe that he will make a very valuable senator and do good work in this house. I would like to quote what the Saskatoon *Star-Phoenix* had to say about him after his appointment:

The Appointment of Mr. John Hnatyshyn, Q.C., as a Senator of Canada is a meritorious one and is so acclaimed in Saskatoon and beyond, and regardless of party affiliations and party considerations. The esteem in which Mr. Hnatyshyn is held is measured in large part by the fact that he is the president of the Saskatoon Bar Association. The underlying importance of his appointment to the Red Chamber is in the fact that Mr. Hnatyshyn is a native of the Ukraine, and his choice by Prime Minister Diefenbaker as the first of his race in Saskatchewan

to go to the Senate is a recognition of the great role Canadian Ukrainians have played, and are continuing to play in this growing country.

The St. John's *News* also had a few words to say about the Honourable Senator Higgins, and I would like to read it to you:

> The first senator to be appointed in Newfoundland by the Conservative Government is a lawyer who commands the liking and even affection of all who know him.
>
> John Gilbert Higgins was known in his youth as a brilliant student and a fine athlete. He was at St. Bon's College in 1909 when he won a Rhodes scholarship. He completed his education at Merton College, Oxford, and was called to the Bar of England in 1913. While at Oxford he was captain of the university's hockey team.

It goes on to say:

> Jack Higgins has been all his life the model of a good citizen of Newfoundland. Its history and traditions have been his lifetime interest.

It further states that his only venture into politics was in 1949, when he led the Opposition in the Legislature of Newfoundland.

I would now make reference to the other honourable gentleman who has recently been named to this chamber, the Honourable Senator Buchanan, who comes from the great province of Alberta, and I should like to read in part what the Edmonton *Journal* has to say about him:

> When Senator John Alexander Buchanan assumes his place in the Canadian Senate, he will be bringing with him not only a solid knowledge of Alberta achieved through nearly a half-century of living here, but a wealth of practical experience in the northland as well.
>
> As a builder and surveyor, he has spent many years practising all that is implied in Edmonton's role as gateway to the North. Perhaps only through surveying can one obtain a detailed knowledge of a new land. It is to Canada's benefit that Senator Buchanan has had that experience in the North. As a builder, he has an understanding of the needs and the future of communities like Yellowknife, Fort Smith and Fort Norman.

The article goes on to say he was cost engineer on the Canol Pipeline Project during the Second World War, and has been interested in Alberta affairs and the development of the North for the last 50 years.

Honourable senators, we have a new member from the far west, Alberta, and a new member from the comparatively far west, Saskatchewan, and also one from the far east, Newfoundland. It seems to me that as senators we should visit the different provinces more often than we do. I was born in Ontario, so I think I know quite a bit about this province. In 1903 I went west and became well acquainted with Saskatchewan, Alberta, British Columbia and the Northwest Territories. Since my appointment to the Senate I have become well acquainted with the province of Quebec and the people who live there. I like them very much and I think they are the most hospitable people you would find anywhere. I have also been as far east in Canada as New Brunswick and Nova Scotia, but I have not yet spent any time in Prince Edward Island or in Newfoundland, except at the airport. I would suggest that honourable senators make it a point to visit the various parts of Canada more often than they do. They could discuss local problems with the people and in this way broaden their own horizon. I would be very glad indeed if any honourable member from another part of the country would come out to Saskachewan in the summertime when the wheat fields are shining for miles in the sun and billowing in the gentle prairie winds. It is a sight well worth seeing.

I would like to compliment the mover (Hon. Mr. Pearson) and the seconder (Hon. Mr. Choquette) of the Address in reply to the Speech from the Throne. The mover, like myself, has been in western Canada for many years. He has seen it grow from almost its beginning. I was much interested in what he had to say, for I have experienced most of the things he talked about. I wish to congratulate him on a good effort.

I also offer my congratulations to the seconder. As was stated by the honourable Leader of the Opposition a few days ago, the seconder made two complete speeches: one in French and a second one in English. I for one admired the fluency and the oratory of our colleague who is able to speak so well in both languages. I am sure he was the envy of every member of the house.

Next I would like to say a word or two about His Honour the Speaker. We are glad indeed to have him with us. He has been looking after affairs for the Senate and Canada not only in Europe but also in the United States of America. The only thing I am afraid of is that he might become internationally famous and we might lose him.

I am also glad to say a word or two about the Leader of the Opposition, who mentioned me in his address. We are pleased that he is with us again, in the best of health as ever, of which he gave evidence a few days ago by making a good fighting speech.

Honourable senators, I am afraid some of you may be disappointed in what I have to say tonight, because I am not going to make a political speech—at any rate, not a partisan political speech. I have never done so here, for it has been my desire at all times to keep partisanship at a minimum in the Senate—

Hon. Mr. Macdonald: You and I are in agreement, then.

Hon. Mr. Aseltine: —and to preserve the independence of the Senate. At the present time there are three times as many members on the opposite side of this chamber as I have in my party on this side; however, that has not interfered in any way with getting business of the Senate properly done. The same thing happened in 1921. After the election of that year the Opposition in the Senate had a majority. This was also the case after the election of 1935. And now, in 1959 the Opposition here has a very large majority—as I said, it has about three times as many members as we have on the Government side. In the past this has not interfered with the dispatch of business in a non-partisan manner.

I remember reading the Senate *Debates* of 1922. That was the first session after the election of 1921. Senator Lougheed had formerly been the Leader of the Government forces in the Senate, and when he got up to speak in 1922 he told the Honourable Senator Dandurand, who was then the Leader of the Government, that even though there was a majority against the Government in this chamber he would see to it that the business of the Senate was not interfered with by virtue of that fact, and that he would do everything to carry on and help with the legislation. In reply, Senator Dandurand said:

> Here, honourable gentlemen, I crave permission to take up a matter which is not contained in the Speech from the Throne. It may seem a matter personal to myself, but it bears on the conduct of affairs of this chamber. I refer to an attitude of mind which has permeated the Senate through tradition and for a long period of years. At the root of the matter is the whole question of the function of the Senate and the exercise of its powers. Should it be administered by party groups—by a Ministerial party and an Opposition? I confess that ever since I entered this chamber I have been reluctant to submit to party rule. I thought that the Senate should be, in appearance as well as in reality, an independent body exercising quasi-judicial functions.

In 1936, when the Government changed again, the Right Honourable Arthur Meighen had something to say on the same subject. I will read what he said, as appears in the Senate *Debates* of 1936, at page 20:

> We shall receive the legislation of the Administration in the spirit in which—I say it with all appreciation—honourable members opposite received ours in the years that have gone by. In this house we have made an effort, which has been common to both sides, to review carefully and to improve legislation with a single eye to the good of Canada. In that work we had the assistance—the industrious assistance—and the utmost co-operation of the honourable senator who now leads this House (Hon. Mr. Dandurand) and of those associated with him. We owe it to them that we now reciprocate to the full. We owe it to them that we utterly abandon prejudice and deal with legislation on its merits. We owe it to them that we make the committees of this house a medium by which all persons peculiarly and directly interested in and affected by legislation may have their arguments heard and make their wishes known, to the end that our legislative product may be the more acceptable. Such service we have endeavoured to perform and we shall endeavour to perform in days to come. It may be, indeed, that the field of opportunity for review and improvement will be enlarged in these years beyond what it has been in the five years that have gone by . . . Be that so or not, it will be the endeavour of us all, whether we are in the majority or in the minority, to make our own conduct a credit to this house and to Parliament.
>
> It will be our desire that as little of partisanship as possible invade our deliberations. I am sure I am speaking in this respect the mind of all those who sit behind me, and I ask honourable members opposite to let their judgment of our sincerity be governed by results in the next few years.

Senator Dandurand replied as follows, as reported on page 22:

> I was happy to hear from my right honourable friend that he did not intend to play the role of leader of an opposition. That is similar to what I told him when he came into this chamber. I remember his first word was—and I appreciated it as a high compliment—that I should be henceforth the opponent worthy of his steel. I told him that I disclaimed any such honour, and moreover would not be an opponent, because I did not recognize the existence of such an institution as His Majesty's Loyal Opposition in this chamber. He seemed somewhat surprised, but I think that during the five sessions we have worked together he has come to realize that there is no systematic opposition here and that we are all bent upon doing our best to improve the legislation that comes to us from the House of Commons.

He then goes on to refer to what happened in 1922.

Honourable senators, these statements have probably been read in the Senate before, and I hope you will excuse me for reiterating them at the present time, but I just wanted to explain why I was not going to make a partisan political speech. I think we should conduct our business in the manner approved by these great men who preceded us. The attitude which prevailed in this house during those years has prevailed here during the past two sessions. I feel that it will continue during this session, and that we will all try to keep our political feelings at as low an ebb as possible. I deeply appreciate the co-operation received at all times during the short time that I have occupied the position of Leader of the Government in the Senate.

At this time I had intended to refer to the Speech from the Throne in so far as it affects the Trans-Canada highway, and then to deal with another subject not mentioned in the Speech from the Throne, namely, the Crowsnest Pass rates. However, I will leave those matters for the moment, because I might not have time to deal with them, and also my voice might play out before I could finish what I wished to say about them.

Honourable senators, we are living in a great country. I am proud indeed to be a Canadian. During the last few years I have done considerable travelling here and there, and I must say that on every such occasion I have been mighty glad to get back to Canada. We have a beautiful country, which has wonderful natural resources and a great future. I am not one of those people who think that the world is coming to an end or that we in Canada are going to the dogs. I suppose I am an optimist, for I always try to look on the bright side of things. In spite of the recession that we speak about, and which I am not blaming on anyone, I think that 1958, considering everything, was a comparatively good year in Canada. I would like to mention some of the things which, in my opinion, made it an outstanding year. In the first place, our dollar is the most valuable of any currency in the world, being on the average at a premium of 3 per cent over the United States dollar.

Next, our retail sales during 1958 reached an all time high in all parts of Canada. Later on I will give you some details of what these sales amounted to in Saskatchewan, where we were said to have had rather a poor crop.

Our bank clearances also reached an all-time high, Toronto having the second largest on the continent of North America—$62.5 billion in that city alone.

Construction of housing and other buildings reached an all time high in 1958. Housing was up 30 per cent over 1957.

More people were employed and more wages paid. It is true, honourable senators, that we have a large number of unemployed, but let us take a look at the United States. In December the United States had 5 million unemployed, with unemployment still rising; and in Britain there were 500,000 unemployed, and unemployment was still rising there also.

In 1958 there was the greatest salmon run in the province of British Columbia since the year 1905. I hope the honourable senator from New Westminster (Hon. Mr. Reid) will make a speech to us later on and tell us all about that wonderful salmon run, and give us any other information he has about what he has been doing out in his province since we saw him last summer.

Hon. Mr. Reid: I will.

Hon. Mr. Aseltine: In 1958 our export wheat sales were higher than they have been for some years. I will give some more information on that later on.

Prices for our cattle are high, owing to heavy exports to the United States.

In spite of what has been said about our bonds, the Dominion Bureau of Statistics summary of January 7 indicates that from September to January there was a substantial decline in the bond holdings of the Bank of Canada and the chartered banks and that the general public's holdings of market issues increased during that time by some $499 million. It does not look to me, therefore, as though the public were running away from our bonds.

In 1958, particularly in the month of December, car loadings were up.

Life insurance increased in volume, and that leads me to give you some figures with regard to income for 1958.

In so far as the farming industry is concerned 1958 was not a bad year; it was considerably better than 1957. Taking wheat first, I find that the cash income from wheat was $415 million, whereas in 1957 it was $375.9 million. The cash income from potatoes was $41.5 million; and in 1957 it was $39.9 million; from vegetable, $65 million; in 1957, $58.1 million. Tobacco sales, 1958, $87 million; 1957, $66.9 million. Cattle: In 1958 the cash income was a way up, $607 million; in 1957 it was $482 million. Hogs: In 1958, $312 million; in 1957, $292.3 million. Poultry: In 1958, $195 million; in 1957, $168.6 million. Dairy products: 1958, $491.5 million; 1957, $459.6 million.

Those figures, when added up, show that the farm cash income for 1958 was up 10 per cent over and above 1957. If you consider that the cost of services that the farmers had to buy during the same period went up approximately only 1 per cent, I think it is obvious that in 1958 the farm picture was not too bad.

Now let us look at western Canada. After my return to Ottawa I cut some clippings from various newspapers which came to hand. Here is one from the *Financial Post* of January 24 last, under the heading "Manitoba '58 Farm Most Productive Ever." The article goes on to say:

> Manitoba farmers in 1958 had their most productive year in history.
>
> Provincial department of agriculture figures show net farm production of $307 million—
>
> Average net production per farm, on the basis of 49,000 operated farms, was $6,266.

The article, which I do not intend to read in full, goes on to give a breakdown and comparisons for the years 1951 to 1957.

In another paper I find this heading, "Retail sales hit high mark", according to Saskatchewan Retail Merchants Association. This, I point out, is in Saskatchewan, which had a comparatively short wheat crop last year.

The article points out that retail sales last year in the province amounted to $883 million odd, up from 1957 by some $40 million. That situation applied not only to the cities of our province, but to the rural areas as well.

I have a clipping here from the Saskatoon *Star-Phoenix*, stating that Saskatoon bank clearings reached an all time high last year, up $66,780,000 from 1957 to a record high of $541,129,000.

I should like to inform honourable senators that the province of Saskatchewan does not any more depend entirely on wheat. I have before me a report of the Saskatchewan mineral production for the year 1958, which shows that the total production of oil, gas, gold, copper, salt and other minerals in that year was $200 million. The production of these items is a great help to the economy of our large wheat-growing province. I have the details on the mineral aspect of our economy, but I shall not go into them.

Let us look at conditions a little farther west, in the province of Alberta. Here is a clipping from a newspaper with the heading "Alberta's farmers had hefty 1958 income". The article goes on to say:

> A preliminary estimate by the provincial government officials puts farm cash income in 1958 at $488 million, a gain of $46 million over the previous year.

Another article carrying the heading, "Outlook in Alberta bright", has this to say:

> Unemployment has caused concern in Alberta just as it has elsewhere in Canada . . . but it is still difficult to make any kind of case for a recession in this province.

The article goes on to tell us that the value of manufacturing in Alberta last year amounted to $800 million.

Another article is headed "Beef prices expected to stay steadily high". Of course Manitoba and Alberta are provinces which produce great herds of cattle. By the way, Manitoba is one of the best mixed farming provinces in the whole of Canada at the present time, and the fact that beef prices have been high has added greatly to the prosperity of the farmers in that province, and as well to that of the farmers of western Saskatchewan and southern Alberta who are also in the cattle business.

Now, what is the outlook for 1959? I have read a good deal in the newspapers since returning to Ottawa, and I find that the outlook does not look too bad. The *Financial Post* of January 24, in an article about steel, says the steel demand looks bright for 1959.

A clipping from the Montreal *Gazette* contains these words:

> Another construction record is seen this year.

The *Gazette's* Annual Review predicts that the chemistry industry is going to have a record year.

The *Financial Post*, in its "Trend of Business", makes these statements: Manufacturing output higher in November. Outlook for 1959 good. Value of inventory owned by manufacturers up. Upswing in new orders in November. Construction dollars hit high record in 1958. Then it goes on to talk about bank clearings. Incidentally, I read another article which said that zinc and lead sales were going up.

Now let us look at the economy of the United States of America. The economy of that country is expected to rise this year to $500 billion. That being the case, the Americans can look forward to a good year which, no doubt, will be reflected and have a bearing on prosperity in Canada. In this respect I recently noticed that the manufacturing of cars is on the upgrade.

So, honourable senators, I am not at all despondent. We had a fairly good year in 1958, when you consider there was a recession; I feel things are well under control now, and that we will possibly have another good year in 1959; indeed, in my honest opinion it will be a better year than 1958.

Now, everyone seems to be talking about inflation and cost of living. I am not enough of an expert to tell honourable senators how we can cure inflation. I read a few days ago an article written by that famous columnist Bruce Hutchison, in which he said the only way to cure inflation was to raise taxes—put them a way up—pay our debts with hard money, and do that kind of thing. He did not say what effect all this would have on unemployment. On the other hand, I have before me a statement taken from the Winnipeg *Tribune* after the Canadian Chamber of Commerce had filed its brief with the dominion Government. It is headed: "Chamber asks tax cuts to end inflation threat".

I don't see how the two can be reconciled. One person says, "Raise the taxes". The chambers of commerce say, "Lower them; that will help to end inflation." There is also the assertion of an ex-member of Parliament, now connected with the labour union, to the effect that high wages and a 30-hour week and all that kind of thing have nothing to do with inflation. As I have said, I am not an expert and I do not intend to go into this matter any further.

Last year the cost of living rose 2.5 per cent, but if one looks back, honourable senators, one finds that between 1946 and 1948 the increase in the cost of living was 21 per cent. The tendency to rise, therefore, must

at this time be at least partially under control. I am not blaming anyone for the earlier rise: the war was over, things were booming, and prices were going up.

As I mentioned earlier this evening, I had it in mind to make a few remarks on this occasion about the Trans-Canada Highway, but the only reference I shall make to it at this time is to quote the following statement in the Speech from the Throne:

My ministers will recommend an increase in the total funds that may be expended under the Trans-Canada Highway Act.

I have here material for quite a speech which I intended to deliver, but I shall hold it for some future occasion, and merely say that Saskatchewan is the only province of the nine by whom the agreement was signed that has completed its Trans-Canada highway construction—406 miles from the border of Manitoba to the border of Alberta, and all completed in the fall of 1957.

Hon. Mr. Reid: That is an unfair comparison, though. You cannot go through the mountains as easily as you can move over the prairie.

Hon. Mr. Aseltine: I should like just to mention that the honourable senator from Blaine Lake (Hon. Mr. Horner) and I, with our families, went to Regina to celebrate the opening of the highway. We had a good time.

It is expected that the entire highway, except perhaps a portion in Newfoundland, will be finished in 1960.

A few minutes ago I suggested that I could regale you with a lot of information about the Crowsnest Pass rates, but I see that it is now nine o'clock and I do not wish to impose on honourable senators.

Hon. Mr. Macdonald: Go on; go on.

Hon. Mr. Euler: Let us hear about the Crowsnest.

Hon. Mr. Aseltine: That being the case, and as my voice is still holding up fairly well, I should like to deal with the rates briefly. Of recent months, both before and after the judgment delivered by the Board of Transport Commissioners on November 7, 1958, we have heard much in the press, both of the east and west, regarding the Crowsnest rates on grain and grain products.

As honourable senators know, the railway companies have been agitating for many years for the repeal of these rates. Commissioner H. B. Chase in his observations attached to the report of the board, makes special reference to them, terming them "the statutory rates". He does not actually recommend that they be done away with, but I gather from his remarks that he thinks they should be either abolished or remodelled. As these rates are of vital importance to the prairie provinces, I think I should say something about them at this time. They came into existence some fifty years ago.

Hon. Mr. Euler: Sixty years ago.

Hon. Mr. Aseltine: Parliament of that day was of the opinion that something should be done to help the great grain-growing industry of the prairies, which was becoming of much importance to the Canadian economy. The Government decided it was necessary to make some arrangement with the railway company in respect of freight rates, not only for the bringing in of supplies from the east but for the taking out of the produce of the farms to the markets of the world. Eventually, in 1897, Parliament acted, and an agreement was entered into with the Canadian Pacific Railway Company. One of the terms was the fixing of freight rates on goods coming in from east of Fort William and Port Arthur, and on produce leaving western Canada for export. In 1897 the Canadian Pacific Railway Company was anxious to build a line from Lethbridge, Alberta, through the Crowsnest Pass as far as Nelson, in British Columbia. The company needed financial assistance. It was anxious to get in there ahead of United States lines which were threatening to enter the province, and thus to provide itself with a real link from the main line through the Kootenay area. The company therefore applied to the dominion Government for a subsidy of $3,630,000, or $11,000 per mile of railway. The province of British Columbia, which owned its natural resources, offered to make the company a grant of 250,000 acres of land. It is but fair to say that after the deal was consummated the railway company transferred 50,000 acres of coal-bearing lands to the Dominion of Canada.

In return for the subsidy the Canadian Pacific Railway entered into certain covenants with regard to freight rates, which later became generally known as the Crowsnest Pass rates. This was a double-barreled arrangement. The agreement first reduced the general rates and tolls on certain kinds of goods westbound from points east of Fort William and Port Arthur on the company's main lines and other lines. This is one part of the agreement which is very often overlooked. The railway company agreed to reduce the general rates and tolls on green fruits and vegetables by 33⅓ per cent, on coal oil by 20 per cent, and on the following goods by 10 per cent: binder twine, agricultural implements and parts, certain iron products, bars, bands, plates, nails, spikes, horseshoes, et cetera, wire of all kinds, window glass, building paper and

roofing felt, paints and oils, livestock, wooden ware and household furniture. The reductions were to take place on January 1, 1898, and the company agreed that no higher rates would thereafter be charged on such goods carried by it between the said points.

Hon. Mr. Farris: Would the honourable senator state again the points between which these rates applied?

Hon. Mr. Aseltine: From points east of Fort William and Port Arthur to western Canada.

The second part of the agreement had to do with the reduction in the company's then present rates on grain and flour from all points on its main lines, branch lines or connections, west of Fort William and Port Arthur to all points east, the reduction to be 3 cents per 100 pounds on the current rates.

The railway line was built and the company was paid a subsidy of $3,404,720, and the agreement with respect to the freight rates came into force on September 1, 1899. However, the scope—and this is what a lot of people do not know—of the Crowsnest Pass rates over the years has been whittled away and these rates are now in force only on shipments of grain, flour and certain other grain products at a level of 3 cents per 100 pounds less than the C.P.R. rates as of September, 1897.

Hon. Mr. Reid: For export only.

Hon. Mr. Aseltine: Yes. The Regina rate at that time was 23 cents per 100 pounds, and this rate was reduced to 20 cents per 100 pounds, and from all other points at that rate, depending on the distance from Fort William and Port Arthur. That is the way it was worked out.

Hon. Mr. Roebuck: How much does it work out to per ton mile?

Hon. Mr. Aseltine: These rates were fixed in perpetuity, according to my interpretation of the agreement and, as I will show later on, they now apply to all railway lines west to Vancouver and Pacific ports and to Churchill. This reduced Regina rate of 20 cents per 100 pounds remained in effect from September, 1899, to October, 1903, when it was reduced to 18 cents. The change came about in this way. The province of Manitoba was in need of railways and the Canadian Northern Railway—Mackenzie and Mann interests were building them, but Mackenzie and Mann needed to have their bonds guaranteed by the Manitoba Government. The Manitoba Government entered into an agreement to guarantee the payment of $7 million worth of Canadian Northern Railway bonds in return for which the Canadian Northern Railway Company was to make certain concessions with regard to freight rates, which under the agreement would be fixed by the government of the province of Manitoba.

When that agreement came into effect the C.N.R.—it was then called the Canadian Northern Railway—reduced its rates to 18 cents per 100 pounds, and the C.P.R., in order to meet the competition, also reduced its rates to 18 cents per 100 pounds. That rate was in effect for 15 years, until the Manitoba agreement ran out. As soon as the agreement ran out the rate went back up to 20 cents per 100 pounds on all railways.

Hon. Mr. Reid: Was that 20-cent rate not from Calgary and Edmonton? It was not from Regina, was it?

Hon. Mr. Aseltine: At the time this agreement was entered into the grain was not moving to the west coast, but later on it started to go from Calgary and Edmonton, so arrangements were made that the mileage between those two points and the Pacific ports would be considered to be the same. My understanding is that the rate of 20 cents per 100 pounds is based on that mileage, no matter from what point the grain is shipped.

In August 1918, as a result of the McAdoo award in the United States, and because there were great increases in the cost of transportation, and so on, the Canadian Government asked the Board of Railway Commissioners to prepare a new schedule of freight rates. This was done, and the new rates became effective on August 12, 1918, by an order in council passed by the Dominion Government under the War Measures Act. That order in council was in force until some time in 1919. In the session of 1919 the House of Commons brought in an amendment to the Railway Act which, if it had passed and become law, would have completely done away with the Crowsnest Pass rates. The amendment was passed in the House of Commons, but when the bill reached the Senate a number of senators, including Senator Lougheed and Senator Watson, looked into the matter carefully and discovered that if the Senate passed the amendment and it was assented to and became law the Crowsnest Pass rates would be no more. They objected very strenuously.

I remember a debate that took place in this house in 1945 when the late Senator Fred Johnston of Saskatchewan told us all about what happened in the Senate in 1919 when that amendment to the Railway Act was before the house. He read excerpts from the speeches which were made by Senators Lougheed, Watson and others. As we know, the Senate in 1919 refused to pass the bill.

Hon. Mr. Macdonald: You are putting bad ideas into our heads.

Hon. Mr. Brunt: That was bad legislation then; it is good now.

Hon. Mr. Aseltine: But after many conferences back and forth the bill was allowed to pass, with this proviso, that it was to remain in force for only three years. As soon as the bill was passed, up went the rates. The Regina rate went up to 25 cents per 100 pounds, and in 1920 it went up to 32.5 cents. On January 1, 1921, the rate went down to 31 cents, and on December 1 of that year, to 29 cents. At the end of the three-year period it went back to 20 cents.

Between 1922 and 1925 there was a lot of confusion. Neither the farmers nor the railways knew where they stood, and no one could tell what was going to happen to these rates. However, in 1925 the Government brought in a bill which released the railway with respect to the reduced rates on westbound traffic but provided for the continuance of the Crowsnest rates on shipments of grain, flour and grain products in perpetuity. In 1927, by order of the Railway Board, the Crowsnest rates were extended westward to Pacific ports and to Churchill, and these rates have remained in force ever since.

Honourable senators, the action of the Senate in 1919 saved the people of the Prairie provinces many millions of dollars. I have heard estimates of the amount saved, some high and some low, but I know that with a big crop and the rates remaining as they were in 1897 many millions of dollars have as a result gone into the pockets of the farmers of the Prairie provinces every year and assisted the grain growers of those provinces in marketing their grain and flour in the markets of the world, without which assistance they would have been unable to compete for that business, which in some years has amounted to $1 billion.

Hon. Mr. Isnor: Thank you; that is the figure I wanted.

Hon. Mr. Aseltine: The Crowsnest Pass rates are therefore statutory, and it has been held that they cannot be changed by the Transport Board, but only by act of Parliament.

Hon. Mr. Roebuck: Would the honourable senator tell me this: While the rates have remained at the figure of 20 cents, or whatever it is, for all these years since 1897, has the value of the money in which they have been paid remained constant?

Hon. Mr. Aseltine: Well, you would not expect me to answer that question, would you? As I said, these Crowsnest Pass rates are therefore statutory, and it has been held that they cannot be changed except by act of Parliament. In 1951 the Government set up a Royal Commission on Transportation, known as the Turgeon Commission, which fully investigated these rates and dealt with all the arguments by the railway companies for their repeal, and by the farmers and provinces, and others for their continuance. In its report of February 1951, at page 249, the commission gave the following decision:

> The conclusion which commends itself to the commission is that the time has not come for Parliament to divest itself of the immediate control of these rates which it assumed in 1897. Such a time may come later with the evolution of the country's economic position, but it seems certain that it has not yet come in this case. On the contrary it would be against the national interest at this moment, in view of the uncertainties which exist in world affairs, and consequently in world market prospects, to subject this great export industry to the disturbance which the abandonment of statutory protection would undoubtedly cause. This abandonment would mean that Parliament no longer looks upon western Canada's production of grain for export as an industry requiring special consideration in the national interest. There is no doubt that the effect of such a measure at this time would be particularly unfortunate.

Honourable senators, I would like to say that the retention of the Crowsnest Pass rates is, in my opinion, to the lasting credit of the Senate of Canada. As I have said, they are most vital to the economy of the Prairie provinces, enabling them to compete with other nations which are closer to the sea in respect to grain, flour and grain products; and I understand that the grain growers of western Canada were greatly relieved when the Prime Minister made a statement not long ago in the other place that there is no intention of doing away with these Crowsnest Pass rates.

I have nearly finished. We are going to have a heavy program of legislation; at least, that is my opinion after reading the Speech from the Throne carefully several times, and I am going to make an effort to have as much legislation as possible introduced in the Senate.

Hon. Mr. Brunt: Hear, hear.

Hon. Mr. Aseltine: I have already introduced two bills, and there is another one that I hope will be ready for introduction tomorrow or the next day.

Honourable senators will gather from my remarks that I am not the least bit downhearted. I look forward to the future with the greatest confidence. Let us hope that peace and good will will continue to prevail throughout the world.

Hon. Mr. Isnor: Honourable senators, I wonder if the Leader of the Government (Hon. Mr. Aseltine), after having painted such a bright picture of Saskatchewan,

would explain why the gas station operators showed a decrease of something like $2 million in their receipts?

Hon. Mr. Brunt: Do you mean the service station operators?

Hon. Mr. Isnor: The gas station operators showed a decrease of something like $2 million in 1958 as against 1957, in Saskatchewan alone.

Hon. Mr. Aseltine: Are you sure of those figures?

Hon. Mr. Isnor: I am quite sure that you would accept the source from which they came.

Hon. Mr. Aseltine: My understanding is that there never was so much car business in Saskatchewan as there was last year.

Hon. Mr. Macdonald: Not so much gas!

Hon. Mr. Isnor: I am quoting from a speech made by the Right Honourable the Prime Minister in the other place on January 19, in which he showed a decrease by the gas operators.

Hon. Mr. Aseltine: I did not mention any of the decreases, I was mentioning the increases.

Hon. Mr. Brunt: Hear, hear.

Hon. Mr. Macdonald: A truer word was never spoken.

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

BUSINESS OF THE SENATE

Hon. Mr. Macdonald: Before we adjourn and in order that the members of the Opposition can enter into the work of the Senate in that spirit of co-operation to which the Leader referred at the opening of his remarks, would he be good enough to inform the house what the business will be tomorrow?

Hon. Mr. Aseltine: I understand that the honourable senator from Shelburne (Hon. Mr. Robertson) is going to continue the debate on the Address. Also I intend to go ahead with the motion for the second reading of the bill to amend the Public Lands Act, as well as the motion for the second reading of the bill to amend the Canada Shipping Act. These will take a little time. I may also be able to introduce another bill.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, January 28, 1959

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

Prayers.

DOCUMENTS TABLED

Hon. Mr. Aseltine: Honourable senators, I table the following documents:

Report of proceedings under the Trans-Canada Highway Act, for the fiscal year ended March 31, 1958, pursuant to section 9 of the said act, Chapter 269, R.S. 1952. (English text).

Report of the Fisheries Research Board of Canada, for the fiscal year ended March 31, 1958, pursuant to section 15 of the Fisheries Research Board Act, Chapter 121, R.S. 1952. (English and French texts).

NATIONAL GALLERY

PURCHASES—NOTICE OF INQUIRY

Hon. Jean-François Pouliot: Honourable senators, this is January 28, 1959, and to commemorate the answers given a year ago today by the then Leader of the Government (Hon. Mr. Haig) about the National Gallery, I have these questions to ask:

1. What was the accession number, the medium, the artist, the title, the date of acquisition, the source, and the cost (in Canadian dollars) of each one of the works of art purchased by the National Gallery of Canada, from accession No. 6911 of September 18, 1957 to date?

2. What commissions have been paid for the purchase of each one of the works of art bought by the National Gallery of Canada from accession No. 6327 of May 18, 1955, (pages 529-539 of the Senate *Hansard* of January 28, 1958) to be completed to date, and to whom in each case?

DIVORCE

ADDITION TO COMMITTEE MEMBERS

Hon. George S. White, with leave of the Senate, moved:

That the name of the Honourable Senator Bradley be added to the list of senators serving on the Standing Committee on Divorce.

Motion agreed to.

INQUIRIES

On the Order, Inquiries Nos. 1 and 2:

Hon. Mr. Aseltine: I might mention, for the information of the honourable senators by whom these inquiries have been made, that we try every day to hurry the answers along, but some of them take considerable time. I would ask that the inquiries stand.

The Hon. the Speaker: The inquiries stand.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—
DEBATE CONTINUED

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

Hon. Wishart McL. Robertson: Honourable senators, I would like at once, as Mr. King used to say, to echo the sentiments of the distinguished senators who expressed so eloquently their appreciation of the efforts of the honourable senators who moved and seconded the Address in reply to the Speech from the Throne, and who welcomed to our midst the three gentlemen who have joined us this session. Anything I could add to the aptness of their phraseology in these respects would be a mere gilding of the lily.

Probably, of the trio who were introduced, the most fortunate is the honourable senator from Newfoundland in that, like his associates from Newfoundland and his colleagues from New Brunswick and Prince Edward Island, he has the exceptional good fortune to come from an area adjacent to the province of Nova Scotia. It may be that some of these gentlemen are not so appreciative of this honour as they should be, but I am always hoping for a change of mind in that respect. Let it not be supposed that I am seeking to discourage any honourable senator who is not so fortunately situated as the honourable senator from Newfoundland. In the years that lie ahead they will have to labour under this disadvantage and seek by good works to overcome it.

I want to congratulate the honourable Leader of the Government (Hon. Mr. Aseltine) and the honourable Leader of the Opposition (Hon. Mr. Macdonald) on their speeches. I shall not attempt to go into the details of what they said. I am sure the performance of the Leader of the Opposition met with commendation on this side of the house, as I am sure the remarks of the honourable Leader of the Government did on the other side of the house and, indeed, on both sides.

I am not sure that I am as optimistic about economic conditions as the honourable Leader of the Government was, but I realize, as he admitted himself, that he was dealing with increases rather than decreases. That is perhaps accountable for the particular frame of mind he was in. In passing may I, as one who has had some little experience in the responsibilities of the office he now holds, say that I think he has done a good

job in his capacity as Leader of the Government in the Senate, and I believe the manner in which he has fulfilled his duties has met with the approval of all members of this house.

I want to take this opportunity to express pleasure at the news carried in the Speech from the Throne of the forthcoming visit to Canada of Her Gracious Majesty the Queen and His Royal Highness Prince Philip. It is good news to all Canadians. I am sure the royal couple would be welcome in Canada on any occasion, and they can rest assured of being well received. I am inclined to share the fears expressed in an editorial entitled "Save The Queen" which appeared in the Montreal *Gazette*. The writer feared that perhaps the Queen's itinerary was too difficult, and I must confess that, even though she may have graciously acquiesced to it, there would appear to be danger of taxing her to her capacity. I suppose the matter has been taken into full consideration, and perhaps the itinerary will turn out to be not too taxing after all.

I should like to say something else with respect to the coming visit of Her Majesty.

A few days ago when I was turning over in my mind what I would say in this speech I planned to draw to the attention of the Prime Minister the fact that I had heard a great many recurring rumours that various Canadian citizens had been trying over on their pianos the sound of titles prefixed to their names. I intended saying to the Prime Minister that I hoped he would have the courage not to lift the present ban, for I believe that we in Canada have enough class distinctions, without adding to them. In the meantime, however, the Prime Minister is reported to have taken this view himself. Although I have not seen his exact statement, I take this opportunity of congratulating him on the stand that I would have taken myself. I hope he refuses all importunities that are made to him. He will save himself many headaches in the future if he holds to that course.

I want to refer to one other item in the Speech from the Throne, and then I will direct myself to what I have particularly in mind. It is an item which suggests that legislation will be introduced to authorize appointment of parliamentary secretaries. In principle that would not be materially different from the appointment of parliamentary assistants by the former administration. If it is contemplated to set forth carefully in detail what their duties are to be, I think that is all to the good. Of course, for details, we must wait until the legislation comes down, but I can see no reason to object to the principle. However, honourable senators, this gives me an occasion to say again something which I said when I held the position of Leader of the Government in the Senate. I believe it is as true today as it was then that if parliamentary assistants or secretaries are to be appointed there is more need for them in the Senate than in the House of Commons. At that time I ventured to suggest that six might be allotted to this house, but I did not get very far with the Government of which I was a member. When the matter comes up again I shall be a little more modest in my proposal, but I shall emphasize once more the needs of the Senate. I will point out that in the other chamber there are 23 ministers of the crown. As I understand it, the legislation will contemplate adding, say, 15 parliamentary secretaries entirely in the House of Commons, so in that house there will be a total of 38 ministers and parliamentary secretaries. It will be the duty of these parliamentary secretaries to supply the members of the House of Commons with information in regard to legislation and to answer questions. At the present time there is in this house neither a minister of the crown nor a parliamentary secretary. The odds are 38 to nothing. I have always been prepared to admit, honourable senators, that the average experience and knowledge of legislation of a senator is materially above that of the average member of the House of Commons. In making this statement I mean no disrespect to members of that house. However, when a situation develops that in parliament there are 38 ministers of the Crown and parliamentary secretaries in the House of Commons for the purpose of serving that branch of Parliament, and none whatever here, it is so unequal that it would be ludicrous, if it were not a serious matter. When I was Government Leader here I said some years ago that I realized the insufficiency of the information furnished to explain legislation and to answer questions to the best advantage, despite the very splendid people I had around me, and that my honourable friend, the Leader of the Opposition, had around him.

I say it is fundamentally wrong that there should be that wide disparity between the two houses of Parliament. It is absolutely wrong. It was wrong in my day when I was Government Leader and it is even more so now, because then there was a member of the Government in the capacity of Government Leader of this house and there is none today. I say to the Prime Minister, for whom I have the greatest respect, and to the Government that it is in the nature of a discourtesy to this house and it should be rectified.

I realize that our direct avenues of representation to the Government officially no longer exist, but I am going to point out that there are among the membership of this house, in the person of His Honour the Speaker and of the Deputy Leader of the Government (Hon. Mr. Brunt), two men who are reputed to hold as close a position personally with the Prime Minister of this country as do any two individuals in Canada, not excepting the ministers of his Government, and I suggest that the Deputy Leader of this house carry to the Prime Minister the representations of at least of one senator. I hold the Prime Minister in very high regard, as I would anyone holding that position, and I say to him that the present situation is a discourtesy to the Senate. I would not be so presumptuous as to suggest to Mr. Diefenbaker whom he should take into his Government—he is quite capable of making up his own Government himself—but were he to ask me I would say he has no better choice than the one who at present occupies the position of Government Leader in this house (Hon. Mr. Aseltine). I think someone should convey that opinion to the Government, and I personally—speaking for myself and myself alone—would ask the Deputy Leader of this house to do so, rather than the Leader, for it would be embarrassing for him. I would further ask the Deputy Leader to convey in due course to this house what the view of the Prime Minister is.

As to the rest of the legislation to be presented to this house, in not referring to the Speech from the Throne I mean no discourtesy to the Government who prepared it or to the Governor General who read it. It mentions many subjects that are of very vital interest—some of which have been partially referred to already by the Leader of the Opposition (Hon. Mr. Macdonald), and there will be discussion by various members when the details of the legislation come before the house.

I want rather to deal briefly with a subject that certainly is not entirely foreign to the Speech from the Throne, a matter in which I have always had considerable interest and which is of vital importance at this moment. I think that developments at present taking place in western Europe are the most dramatic developments of our time and are calculated to change the whole trading outlook of the Western world. I think we in this country can take a leaf from the notebooks of those countries, because they have had a very wide experience in the problems and questions that we are facing in this country. They have gone through all the dangers and the difficulties of inflation and they are today, in my judgment, dealing with inflation more intelligently than is any other area in the world. I think they have learned through long experience what commercial policies are the most likely to accomplish the end they are seeking. For instance, the hard problem of rising wages and inflation is being met by lowering the cost of living—that is, the standard of living of the wage earner is increased by lowering the cost of living rather than by raising the wage scale, and they are placing themselves in a position that is the admiration of all thinking people in the Western world.

Honourable senators, I have had a little trouble with laryngitis, and I have made some notes to use if my voice and audience stay with me. In these circumstances, with your permission, I will read the notes.

Ten years ago when we signed the North Atlantic Treaty, we bound ourselves under article II to seek economic co-operation with each other and to seek to eliminate our international rivalries. In the intervening period nothing along that line has been done by NATO, and it is now perfectly apparent—I say this with considerable regret—that nothing is likely to be done through the medium of NATO. Tired of waiting, six of our European NATO partners have already moved to implement the spirit of article II of the North Atlantic Treaty outside of NATO. The remaining seven European partners, including the United Kingdom, are at present negotiating to join with them in a free trade area. The United States of America, the fourteenth NATO member, is already seeking to become associated with this development. On June 20 last, before the Finance Committee of the United States Senate, the Honourable John Foster Dulles urged that the President be given authority to enter into negotiations with the European Economic Community, saying in part:

> The best opportunity we will have to negotiate with the community for tariff reductions most advantageous to our export trade will be before the new tariff becomes formally established.

The authority was granted and I presume negotiations are in progress. It remains, strange to say, that Canada, the foremost advocate of economic co-operation, and the fifteenth and only remaining member of NATO, as far as I know is taking no action whatsoever. I think we should take action.

On the one hand, there is emerging a United States of Europe, economically, if not politically, with a population of 285 million people bound together in a free trade area with all the advantages of mass production; and on the other hand, there exists as at present the United States of America with

175 million people; and, as matters now stand, Canada is in the centre, isolated economically, the one member of the NATO organization remaining as a citadel of protectionism.

I believe that if nothing is done this will create untold difficulties for us in the future. Our industries, both export and domestic, will be in a most difficult position. The process of bleeding to death, such as Nova Scotia and other Maritime provinces are already encountering, will be further accelerated.

My proposal is this. I believe that Canada should follow the example of the United Kingdom in seeking to become associated with the European Economic Community, by progressively removing tariffs and other obstacles to trade over the next 14 years, as Britain is contemplating, until complete restrictions on trade have been removed; and that, as well, we should seek to enter into a similar arrangement with the United States of America.

I am making this proposal because I consider it of the utmost importance, but not with the thought that by any manner of means it will meet with the approval of all honourable senators; indeed, its terms may be violently challenged. Also I think it desirable that a thorough discussion should take place on our future trading position before the two important conferences are held this year, which delegates from the Senate will be attending. I refer to the Atlantic Congress to be held in London under the auspices of the NATO Parliamentary Association, which is to be opened on June 5 by the Queen and will have in attendance 650 delegates from the NATO countries, 45 of whom will come from Canada; and to the meeting of Canadian and United States legislators to be held in Ottawa later in the year for consideration of matters of mutual interest to our two countries.

I might add that, although I have no information on it, I understand—and if it is so I have no doubt His Honour the Speaker will advise us—that an invitation is also likely to be forthcoming from the Council of Europe, the body under which the economic development of Europe is taking place. As honourable senators know, Canada and the United States are not members, but observers, and there has been a desire in the past that they be represented. I believe at one time we were represented, but not recently. As I say, from some source I understand that an invitation to this council will be forthcoming this year, in which case there would be a third gathering.

With respect to the two conferences to which I referred, I presume we shall be informed in more detail as to what is contemplated when our delegates to the recent NATO conference in Paris and to the recent meeting in Washington report to the Senate. I believe it is of the utmost importance that the delegates who represent us at these two important conferences should be well advised as to what is the viewpoint of the Senate, for it is my experience that unless our delegates do their homework before attending such conferences they will be greatly handicapped in making an effective contribution. I hope, therefore, that discussion on this matter will take place during the debate on the Speech from the Throne. I also hope that the report of our delegates to the recent conferences will be in such form that questions can be asked and comments made. Indeed, it might be well worth while to have our standing committee on Canadian Trade Relations or External Relations afforded an opportunity of hearing from governmental officials and other witnesses.

That, honourable senators, is the basis of my argument. If I may be privileged to do so, I would make a few comments.

As respects our own position in Canada, I want to suggest to this house my opinion, for what it is worth, that despite the very rosy picture which my honourable friend the Leader of the Government in the Senate (Hon. Mr. Aseltine) painted for us last evening—and to which I am taking no exception, because I do not have the information he has—that for Canada, from an economic standpoint, particularly in respect to our trade, the honeymoon is over.

Since the close of the recent war we have had tremendous development. As honourable senators know, there has been a ready market for the products of our natural resources and industries, with little world competition and with steady production costs. Much the same situation has existed in our domestic industries. There has been a tremendous capital boom in Canada, which to a great measure has provided markets for our domestic industries.

Now, honourable senators, we are approaching a change. I do not know how soon its major effects will be felt. As the honourable Leader of the Government in the Senate said yesterday, there are many factors which indicate continuing progress, and I do not quarrel with him in that respect. However, I would point out, first, that our export industries—which after all have been the keystone to Canada's progress—are facing a changed situation. I need only mention the coming competition from Russia, which our

own Prime Minister only two days ago referred to as terrifying. However much of anything we have to sell in the markets of the world, Russia has that much more—of some things perhaps three times as much—and, as evidenced by the congress which has been taking place over the last day or two, she is making a determined effort to develop her economy with a view to matching that of the United States of America.

European countries, in which there is likely to be the fastest growing portion of the Western world, are collectively developing their dependencies in northern and central Africa as a means for providing them with natural resources. The United States is having to take more and more raw materials from Latin America, for political reasons, if for no other.

Our costs are rapidly rising, and by reason of inflation they may rise more rapidly in Canada than elsewhere. A favourable factor, of course, is that so much United states capital has been used in the development of our natural resources up to the present time that there will be an incentive to see that a ready market is provided for Canadian products in the United States. However, I venture the opinion that it is in the realm of secondary manufacturing industry that the most serious competition will develop. Of recent years economic thinking in this respect has completely changed. For many years countries of varying size in Western Europe, ranging from such a small community as Luxembourg, with 500,000 people, to France, Germany, Italy and Britain, each with populations of around 50 million, tried to build up their industries by maintaining national tariffs. Today one finds a complete change. The driving force to combine western Europe in one single free-trade area comes, not from agriculturalists, but from manufacturers who believe that without mass production it will be impossible to operate successfully in the world of the future. Western Europe has an eye on the manufacturing advantages of the United States, with a population of 170 million, and even Russia is looking at the United States as well. Today one sees in Europe a combination of six countries collectively about as populous as the United States.

We in Canada do not seem to have been so much impressed by this development as are the people of the United States. I was recently in that country and had an opportunity of reading a number of American publications. I found expressed there serious doubts whether developments in western Europe will not effectively challenge United States business in the export markets of the world, because of the economies which this combined production can bring into effect. I want to make this first point, that it is the manufacturers who in western Europe are leading the movement for larger markets. They are convinced that for this purpose a unit of 50 million people is too small. It is the agriculturalists, who over recent years have been brought up to depend on price supports, who are either indifferent to a common European market or, perhaps, openly antagonistic to it.

I think these conditions are significant in the light of the situation which faces secondary industry in this country. I would remind the house that considerable changes have occurred since the time when the honourable senator from Churchill (Hon. Mr. Crerar) came down to Parliament with 60 Progressive members behind him whose main complaint was that eastern Canada was not anxious to negotiate trade agreements to reduce the tariff. I suggest the time is rapidly approaching when the only salvation for the secondary manufacturing industry in eastern Canada is to get into a large market, as Britain is doing. Let me point out one or two circumstances which, I think, will bring this about. It is my belief that, instead of Winnipeg being the centre of the free-trade area and Toronto the stronghold of protectionists, it will be Toronto that will lead the advance to lower tariffs and wider markets, and it will be the west that will pin its hopes to deficiency payments and the like.

Secondary industry in this country is in a difficult position. To begin with, it has a high-cost production. I am not speaking of the output of newsprint or base metals, but about secondary production. Manufacturers are not producing for export, they depend entirely upon the domestic market, and only recently I have seen statements that they are feeling the pinch of terrific competition from outside; but in my opinion, if I may be pardoned for using a slang phrase, "they ain't seen nuttin' yet."

I want to point out to the house that Canadian subsidiaries of United States firms have never had any real competition from the United States. There may be major industries in the United States without subsidiaries in this country, but there are very few. The real competition which is about to face Canadian secondary industry, however, will come from western Europe, which possesses all the advantages of cheaper production, modern machinery and plants, and a lower basic wage level. I repeat that it is from this source that the most severe competition will come in every branch of our industry, just as it is affecting the automobile industry at the present moment. I used to be in that business, and I know something

about it. It is a gigantic industry in the United States. As honourable senators know, motorcars produced in Canada are manufactured by subsidiaries of American companies. If I wanted to compete with one of these subsidiaries I would have to go to the United States and try to get a contract from a parent company for the manufacture of its cars at wholesale prices. Of course, the parent company would refer me to its domestic subsidiary. It is a cast iron rule. If I had the ingenious idea of bringing in nearly new cars, I would be immediately met with the restriction that used cars—becoming such by being driven around the block—are embargoed. But no such restrictions exist as far as western Europe is concerned, and European cars are being imported in increasing numbers. Honourable senators can see how the extension to all our secondary industries of what is happening in the automobile business will affect the whole of our secondary industrial structure.

At the present time it is a popular thing to criticize labour and suggest that it should "hold the line". But the weakness of that argument, honourable senators, is our wage position in Canada *vis-à-vis* the United States.

The Gordon Report says that secondary industries have existed in Canada up to the present moment only because they have paid their labour about 25 per cent less than corresponding labour is paid in the United States. You can make as many appeals as you like to our organized labour to hold their wage-rate level, but unless living costs in this country are reduced these wage rates will go up. As a matter of fact, our manufacturers might be lucky if they do not have to pay higher wages than are paid in the United States if our living costs become higher than they are there. It is all very well for our manufacturers to say, "We won't pay it," but there is another side to it. I am sorry that the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) is not in his seat, for I would like to compliment him on the far-seeing speech he made last year on this very point. Manufacturers can say to labour in this country that they will not pay as much as American labour for the same work in the same type of factory. But what will happen when the living costs in Canada remain higher? It is all right to say, "We won't pay," but my honourable friend from Winnipeg South pointed out to us, if I remember correctly, that since 1900 approximately the same number of people have emigrated to the United States from Canada as have immigrated to Canada. You cannot keep people in Canada if living conditions are not favourable *vis-à-vis* the United States, for people will simply move south of the border as long as the American immigration laws do not prevent them from doing so. And there has been no difficulty in this regard in the past, particularly for skilled labour. In fact, we are being asked to embark on great armament expenditures in Montreal and Toronto in order to give employment to our electronic engineers so that they will not go to the United States. Emigration has always been a constant danger.

Honourable senators, I suggest the time is rapidly coming when the manfuacturers in our secondary industries will have to do exactly what these manufacturers have been doing for some time in Europe—look for a larger trading area. I ask you in all reasonableness if a population of 50 million in Europe is too small a market for profitable manufacturing, what about our country, with a population of 17 million—or even if it increases to 25 or 35 million? We are in a hopeless position, and I think great thought should be given to this situation.

Speaking as a senator from Nova Scotia, I can say that, despite the great development in Canada of recent years, we feel very keenly that we have not shared adequately in this progress. Increased social security benefits, increased allowances to the provincial Governments, national defence expenditures, subventions and subsidies have all had a beneficial effect but they have done little to aid our economic development. We have sought to answer the charge that we have not done enough to help ourselves. The Atlantic Provinces Economic Council, a joint project of provincial Governments and businessmen, has been making heroic efforts to encourage industry, but it has been an uphill fight. If Canada is to be further self-contained and if these ill-conceived projects to defy nature in the St. Lawrence River are continued, not only will her position industrially become progressively worse, but shipping through our ports will dwindle and die. Many Nova Scotians are thoroughly disillusioned with political parties and are getting in an ugly frame of mind. They will aid in unmaking governments in the future just as dramatically as they have in the past. The truth is that no government, whether Conservative, Liberal or C.C.F., can do much more than has been done in the past unless proposals somewhat along the lines I have suggested are adopted. When they are adopted our Maritime position will become an asset rather than a liability.

I want to say only a word or two in regard to our financial position, for over all our future hangs the shadow of the condition of our national finances. I am not disposed to

be critical of this Government in respect of the situation that now exists. I do not think it has shown any particular skill and alacrity in dealing with it, but in my opinion the basic trouble in regard to Canada's financial difficulties is the fact that we are spending too much on armaments. The serious feature of it is that these expenditures on armament are being incorporated into our economy and we are rapidly getting into a position where we cannot get along without such expenditures. I readily understand the outburst by the Prime Minister the other day when he commented on the intensive lobbies that were made in order to ensure that the production of armaments for the CF-105 would be continued. The question of defence purposes has gone out the window and it is now a question of employment. If Russia were as smart as she thinks she is, and as I think she is, she would grant the Western world right at this moment everything it asked in respect to disarmament. What a chaotic condition the Western world, or at least this continent, would be in then! Even at that Canada is not as badly off as the United States. If I remember correctly, the United States budget totals some $77 billion, of which $47 billion is being spent on armaments and foreign armament aid. It is a very much higher percentage than ours, I must admit, but it all points to the terrifying position we are getting in.

And what about the public frame of mind? I know that I am in such a frame of mind that whenever I read any sort of treatise or newspaper article on the necessity of defence I wonder what propaganda I am being subjected to. As a layman I don't know the answer. I don't know who can give an honest opinion. As a responsible member of Parliament I don't know where to turn for unbiased information on the desirable size of our defence. What is going on is reminiscent of the old days. About 60 years ago there paraded through Europe the head of an armament manufacturing company, Sir Basil Zaharoff. It was his business to go from one country to the other disseminating distrust and fear. I never read a book about his activities, but I have read different references to one, and I will quote a passage which struck my fancy. I presume this was written well before World War I:

> And now he spreads word that Germany is building 20 new men-at-war, and so England begins the construction of 25 new vessels. France, not wishing to be left behind, begins building 30 additional ships.

What we have today is Sir Basil Zaharoff parading through this country in the guise of business executives and heads of trade unions, wardens of municipalities, mayors of towns, besieging the Government of the day to make more and more expenditures on armaments. Indeed, if I were running an election, I would not like to go down to my native province of Nova Scotia and advocate a drastic reduction in expenditure on defence, including the navy. We are all touched with this; that is the situation we are living in. Upon my words, I do not know what the answer is, but I think if I were charged with the responsibility I would establish a national defence fund, such as there is for social security, in which I would set apart the amount we were going to spend on defence, and I would procure this amount specifically from income taxes, raising or lowering them annually, depending on the amount required, so that the people would realize the cost of defence and the difficulty it creates with relation to the financial system.

Honourable senators, I have almost finished. I cannot help but join with the Leader of the Government in the Senate in his optimistic references to the future of Canada. I also think we have a great future, but I would remind him that the resources we have in Canada have been lying here undeveloped for a million years, though it is only recently that we have had a market for them, or thought we did. No doubt these resources will remain largely undeveloped for another million years if we cannot obtain markets in which to sell them profitably.

On motion of Hon. Mr. Brunt, debate adjourned.

PUBLIC LANDS GRANTS BILL

SECOND READING

Hon. W. M. Aseltine moved the second reading of Bill S-2, to amend the Public Lands Grants Act.

He said: Honourable senators, I desire at this time to make a few remarks with regard to this bill.

As I explained on first reading, the purpose of the bill is to make a purely technical amendment to the Public Lands Grants Act. The amendment has to do with the legal formalities of transferring Crown lands. Under this act the Governor in Council is empowered to authorize the sale, lease, or other disposition of public lands. The legal documents usually used to carry out a sale or lease are letters patent issued under the Great Seal of Canada, or a lease signed on behalf of the Crown by some authorized person or persons. However, when it comes to the occasional transfer of public lands to a provincial Government, the courts have held that neither letters patent nor a lease are appropriate documents. The reasoning is that when public lands are transferred to

a province the title remains in the Crown, which is indivisible, and therefore no document which purports to transfer a legal interest in the land can properly be done by letters patent or by lease. It has been held that the transfer of public lands to a province is merely the transfer of the administration, control, and benefit of those lands from one of Her Majesty's Governments to another and that this is properly done by order in council. I am informed that this has been the practice followed for many years.

In a recent case in the Supreme Court of Canada, referred to in the explanatory notes in the bill, considerable doubt arose in the minds of the judges who decided that case as to whether or not the provisions of the act were wide enough to allow the Governor in Council to make these transfers. The purpose of this bill is to amend the act in such a way that transfers of that nature can be properly made by the Governor in Council.

Honourable senators, that is all I have to say about the measure. If it is thought advisable to refer the bill to the Banking and Commerce Committee, or to any other committee, I do not think there will be any objection, but to my mind it seems to be quite a simple amendment and one which should not give us much difficulty.

Hon. Mr. Reid: I wish to direct a question to the honourable Leader of the Government. Is it possible for the Canadian Government to transfer land belonging to us to another nation? I know it is late to bring up the question, but the reason I ask is that it is not generally known that when the 49th parallel was being put through, in passing through near Blaine the line was one-half mile inside Canada. I raised the question before, because by order in council the Government of the day simply called it the 49th parallel, which it is not. I am speaking from actual facts, because as a member of Parliament I spent considerable time studying the record before I spoke in the House of Commons on the subject. I still feel that the transferring of such lands to the United States should have been by act of Parliament rather than by order in council—the handing to the United States of half a mile of territory which really belonged to Canada and is now designated as United States territory.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Hon. Mr. Aseltine: Honourable senators, is it the wish of the house that this bill be referred to committee?

Hon. Mr. Macdonald: The honourable senator from New Westminster (Hon. Mr. Reid) raised a point about transferring land that may be in Canada to another country.

Hon. Mr. Aseltine: That question has nothing to do with this bill.

Hon. Mr. Macdonald: Is that power included in this bill?

Hon. Mr. Aseltine: No, that has nothing to do with this bill. This simply covers transfers of some interest in land from the dominion Government to a province, not to another nation.

Hon. Mr. Reid: A question of that kind is not out of order. I think, because it deals with the transfer of land by the Canadian Government, and the only other place outside of a province that they can transfer land to is to the United States. So the question is quite in order, but nevertheless I got a silent reply.

The Hon. the Speaker: Honourable senators, my decision is that this question is not relevant to the bill under discussion. This bill deals strictly with the transfer of land from the Canadian Government to a province within Canada. The question put by the honourable senator from New Westminster (Hon. Mr. Reid) has to do with transactions between Canada and the United States of America. I therefore declare this question out of order.

Hon. Mr. Macdonald: Honourable senators, I wish to ask the Leader of the Government whether this bill refers only to the transfer of land within Canada from the Dominion to a province or does it go further than that and include the transfer of land from one province to another?

Hon. Mr. Aseltine: It has nothing to do with transferring land from one province to another.

Hon. Mr. Connolly (Ottawa West): Honourable senators, this is a technical bill, which is intended perhaps to clarify a silence in the statute. I looked up the statute and I see that by section 2 the word "grant" is defined as meaning "letters patent under the Great Seal of Canada and any other instrument by which public lands may be granted in fee simple or for an equivalent estate". Now, presumably an order in council would be another such instrument. May I make a suggestion? I understand we are going to have today an explanation of the following bill which is on the Order Paper, that is the Canada Shipping Bill, and if it is referred to the Banking and Commerce Committee perhaps it might be just as well to have the present bill go there too.

Hon. Mr. Aseltine: The Canada Shipping Bill will likely be referred to the Transport and Communications Committee.

Hon. Mr. Connolly (Ottawa West): Then perhaps this one could go there too.

Hon. Mr. Roebuck: I think that this bill should be referred to the Banking and Commerce Committee. It may be that the scope of it is intended to be confined to transactions between the Dominion of Canada and the provinces, but this is not so stated in this bill and I think a further explanation is desirable.

Hon. Mr. Hugessen: I do point out to my honourable friend the leader that, as the honourable senator from Trinity (Hon. Mr. Roebuck) has said, the bill is not confined by its terms to transfers from the Dominion Government to a provincial Government, but covers a transfer to Her Majesty in any right whatsoever. So, technically speaking, the Government of Canada could under this legislation transfer a part of the property of Canada to the Government of Australia or the Government of South Africa.

Hon. Mr. Aseltine: I move that this bill be referred to the Standing Committee on Banking and Commerce for further consideration.

Motion agreed to.

CANADA SHIPPING BILL

SECOND READING

Hon. Mr. Aseltine, moved the second reading of Bill S-3, to amend the Canada Shipping Act.

He said: Honourable senators, this bill proposes quite a number of amendments to the Canada Shipping Act. You will remember that prior to the Statute of Westminster we had practically no shipping legislation, but as a result of that statute a bill was brought in to give to the Dominion of Canada complete and independent control over all of its shipping. Not many honourable senators who are here today were here in 1934, when that Shipping Bill was introduced in the Senate. I distinctly remember that the bill, which was intricate and voluminous, was considered very carefully by the Banking and Commerce Committee at some 28 meetings before it was given third reading in the Senate and sent to the House of Commons for their consideration. Since that time some ten amendments have been made to the act, and most of them have been introduced in the Senate.

The amendments to the act which are included in this bill deal with a rather wide variety of subjects. A number of them are in the nature of clarifications or improvements in relation to procedures or technical points where experience has indicated the need for a change, but are relatively minor or routine nature. Others are some of greater importance.

Since it is my intention, honourable senators, to ask that this bill be referred to the Standing Committee on Transport and Communications, I do not propose at this time to deal with each amendment. I will, however, outline some of the more important ones, but I wish to speak chiefly on the principle involved.

In the field of steamship inspection, under section 481 of the act, vessels of five tons are exempt from inspection, although they must comply with certain regulations as to life saving, fire extinguishing equipment and that kind of thing, and they are subject to periodic spot checks. It is proposed that these exceptions should not apply to a vessel of that kind which carries less than 12 passengers. The amendment is designed to provide for a greater measure of inspection in order to ensure the safety of small commercial vessels engaged in carrying passengers.

Hon. Mr. Roebuck: Why limit the inspection to vessels carrying 12 passengers? Why not have it apply to vessels if they carry any passengers at all?

Hon. Mr. Aseltine: I might have a motor boat in which I carry half a dozen people and it would not come under the provisions of the Canada Shipping Act.

Hon. Mr. Roebuck: Are you referring to paying passengers?

Hon. Mr. Aseltine: If my honourable friend wishes to pursue that question, I suggest that when the bill goes to committee he should ask the experts there.

Section 8 of the bill would repeal section 324 of the act and substitute a new section dealing with matters relating to Maritime pilotage. Under the act the boundaries of the pilotage district may be defined by the Governor in Council, with the exception of the Quebec and Montreal districts, where the boundaries are defined by statute. This results from the long standing history of those two particular districts, which I understand goes back perhaps as far as the nineteenth century. However, changes in working conditions and pilotage procedures now make it desirable to amend the act so as to give the Governor in Council the same authority in defining the boundaries of these two areas as exists for other pilotage districts.

One other important amendment is that proposed to section 346 of the act, under which we are unable to give to American

ships the same treatment as we give to our own, and which we have promised to do. This section as it stands contravenes quite a number of navigation treaties which we have with the commonwealth countries and 16 other countries. On that account it bears some importance, and I would like to make a few comments about it.

It is proposed to make certain changes with regard to the right of exemption from payment of compulsory pilotage dues. Under the existing provisions of the act, no ship may be compelled to take on a pilot. However, in certain pilotage districts compulsory payment of pilotage dues may be introduced regardless of whether a pilot is used or not, as a means of ensuring an adequate supply of funds to support the pilotage system in that district. The act also provides that where compulsory dues are introduced, certain vessels may be exempt from this compulsory payment on the basis of exemptions specifically defined in the act, which have been a source of difficulty for some time. The exemptions in the act include certain classes of ships in interprovincial trade or in the coastal trade, fishing vessels and state-owned vessels, but only if of British registry. There is no right to go beyond these particular exemptions, which, in part at least, are based upon the flag of registry. This situation, I believe, is at variance with some of our treaties with other countries, to which I have just referred, and is uneven in its applicability as between foreign countries in the sense that we are not allowed to take any account of competency, but may base our exemptions only upon the flag of registry and the trade in which the ship is employed.

Hon. Mr. Macdonald: May I ask the honourable leader if the privilege which he says is being granted under this bill is to apply to Canadian ships only or to the ships of all nations?

Hon. Mr. Aseltine: The object of the amendment is to clear things up so that the act will not contravene these navigation treaties in such a way that we are acting in breach of agreements we have made.

Hon. Mr. Macdonald: I understood the honourable leader to say when he introduced this clause that it was to confer certain rights on Canadian ships, or to grant certain privileges to Canadian ships.

Hon. Mr. Aseltine: I don't think I said that.

Hon. Mr. Macdonald: I probably misunderstood you.

Hon. Mr. Aseltine: I do not think that is part of the amendments contained in the bill.

This matter has been of some concern to the Department of External Affairs, and when the bill goes to committee departmental officers will be there to explain fully what the treaties are and with what countries they are made, and how the act in its present form does not comply with those treaties and what is necessary in order to make it do so.

It is proposed to simplify the existing provisions relating to exemption from compulsory pilotage dues, and add thereto authority to provide other exemptions from time to time.

I should now like to go back and refer honourable senators to the new Part VIA, which has to do with Great Lakes pilotage. The amendment would authorize the Governor in Council to make special regulations regarding navigation on the Great Lakes. The special situation which exists on the Great Lakes, and the fact that we will have to work in close co-operation with the United States authorities in regard to any marine pilotage matters in these waters, make the present pilotage provisions in the act unsuitable for application in that particular area. However, in certain of the restricted waters in this area some marine pilotage will be necessary, and this matter will become increasingly important after the Seaway is completed. Accordingly, it is proposed by this amendment to require that a vessel of 300 gross tons or over navigating the Great Lakes basin shall be piloted by a certified officer or pilot when in such waters as are designated by the Governor in Council for the purpose, and that in the other portions of the Great Lakes basin the vessel shall have on board a specially certificated officer or pilot. This part of the bill is similar to legislation which I understand to be contemplated by the United States Government, and the regulations to be made by the Governor in Council under this part will be similar to those which are now being considered by the United States Government.

In addition, honourable senators, there are a number of lesser amendments covering such items as clarification of the requirements of certification of deck officers on ferry vessels, changes in the recognition in Canada of certificates issued in other parts of the commonwealth, amendment of the definitions of "inland voyages" and "international voyages", and a number of lesser points, which I feel sure can be dealt with much more appropriately in committee than by me at this moment.

Hon. John J. Kinley: Honorouble senators, the purpose of this bill is to amend the Canada Shipping Act. It was introduced by the Government Leader here (Hon. Mr. Aseltine), and therefore is a Government bill. It is of

particular interest to those of us who come from the Maritime provinces, and, I am sure, to those who represent the Pacific coast.

The Canada Shipping Act may be termed the charter of the marine industry in Canada. I am not sure it is a good charter, because over the years the merchant fleet has fallen on evil days. Now the construction of the St. Lawrence waterway brings a new aspect and, we hope, a new opportunity. But at the moment the situation is clouded with failures, and the future seems to be even more threatening. Surely the time has arrived for a new charter and a renewed effort. However, I will not dwell on that matter.

The honourable Leader of the Government in the Senate, in moving the second reading of the bill, gave us a very good explanation of what it is all about. As he said, it is a type of legislation which is better looked into in committee. It is not a bill with principles that can be established; it is composed of many parts, some quite important, others less so. Part of it is just a tidying up of what should have been done before in legislation of this kind.

Before proceeding with a discussion of the amendments, I want to bring to the notice of honourable senators what is known as the British Commonwealth Merchant Shipping Agreement. As you know, on the same day in 1931 that the Statute of Westminster was passed, this merchant shipping agreement was also signed. "Mother" is a good trader, and she valued very highly the shipping interests of her own country and also her connections in Canada. So, when we got the Statute of Westminster, we took with it an agreement whereby we conceded equal rights to all parts of the commonwealth. I have a notion that part of our difficulty today with regard to negotiations, especially with the United States, is caused by this agreement. The honourable Leader of the Government has said that we promised the United States something, and this is an effort to give it to them. I can appreciate the necessity of close co-operation with the United States on the St. Lawrence in connection with the waterways, but this bill goes further; it applies to the east and west coast of Canada and to our international trade. In my belief the United States merchant marine is the most nationalistic and closely-controlled marine in the world; it operates for their own nationals, their own country, and their own capital. They have never been very generous as regards provisions which would help our merchant marine. However, I am all for reciprocity with them, especially on the Great Lakes. I believe, if we are to benefit by the St. Lawrence waterway, reciprocity with the United States is essential, because their country has the highest standard of living, they pay the biggest wages to their merchant seamen, and we can compete and co-operate with them with benefit to both countries.

There is a paragraph in this merchant shipping agreement which is of importance so far as our fishing vessels are concerned.

Article (12) states:

> Nothing in the present agreement shall be deemed—
>
> (i) to derogate from the right of every part of the commonwealth to impose customs tariff duties on ships built outside that part: or
>
> (ii) to restrict the right of the Government of each part of the commonwealth to give financial assistance to ships registered in that part or its right to regulate the sea fisheries of that part.

I want to emphasize this right of regulation as its affects the fisheries, because it is the feature which most concerns me at the present time. I would particularly refer to sections 9 and 11: I think they are the important parts of the bill, as they deal with the rights or privileges of Canadians and also our association with the Americans on the St. Lawrence waterway. In four clauses of section 9 Her Majesty's dominions—which include Canada—are excluded, and that takes away Canada's preference for exemptions in her own country. Now I can quite see that Americans might object to some parts of the Commonwealth Shipping Agreement in so far as section 11 is concerned for that deals with pilots on the lakes, whereas in section 9 the exemptions are general and apply to the sea coasts. The preference belonging to Her Majesty, or to ships of British registry, is abolished. The amendment covers any ship, not only an American ship but a ship from any part of the world, and in four instances it cuts out our preference. It might be that the words "Canadian ship" should be inserted. I do not think we would have very much trouble if we dealt with Canadian ships. There are not many of them and it seems to me that it would be right to do this.

Hon. Mr. Macdonald: Is the honourable senator referring to section 9 of the bill?

Hon. Mr. Kinley: At the moment, section 9, which says:

> Section 346 of the said act is repealed and the following substituted therefor:
>
> "Subject to section 347, the following ships are exempt from the payment of pilotage dues:
>
> (a) ships belonging to Her Majesty".

That is the same as before.

> (b) government ships except ships entrusted for operation and management to an agency of Her Majesty;

That is the same as before. Then it goes on

> (c) ships of such description and size and employed in such voyages as the pilotage authority

of the district, with the approval of the Governor in Council, from time to time determines to be exempt from the compulsory payment of pilotage dues in such district;

(d) ships employed in salvage operations;

Hon. Mr. Macdonald: That is new.

Hon. Mr. Kinley: Clause (d) of the present section 346 reads:

ships registered in any part of Her Majesty's dominions while employed in salvage operations;

Then clause (e) of the present act reads:

steamships registered in any part of Her Majesty's dominions

(i) employed in voyages between ports in the same province, or employed in any one port or harbour,

(ii) employed in voyages between any one or more of the Provinces of Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island or Newfoundland and any other or others of them, or between a port in any one of the said Provinces and any port in or beyond Hudson Strait or between a port in any of the said Provinces and any port in the United States of America on the River St. Lawrence or the Great Lakes,

Now that says "steamships registered in any part of Her Majesty's dominions" and the amendment provides "ships employed in voyages . . ." It just refers to "ships" and does not specify Canadian or British. Then the new clause (f) reads:

ships of not more than two hundred and fifty tons register tonnage;

In the present act clause (f) says:

ships registered in any of Her Majesty's dominions of not over two hundred and fifty tons register tonnage;

Then the present section goes on to read:

(g) ships entering a harbour for refuge;

That is the same as in the amended section. The amendment goes on to read:

(h) ships of war and hospital ships belonging to such foreign nations as may be specified by the pilotage authority; and

(i) ships engaged in fishing.

In other words, ships engaged in fishing are exempt from the payment of pilotage dues. I must point out to the house that clause (e) which reads:

ships employed in voyages

(i) between ports in the same province—

gives to any ship the privilege to enter ports all over Canada and, so far as pilotage dues are concerned, they are exempt. It seems to me that that is too great a provision and too much to ask of Canada in connection with world shipping trade.

A situation will be created in Newfoundland which I am sure will be of interest to the representatives of that province. There is an exception clause at the top of page 6 of the bill which reads:

(2) Notwithstanding subsection (1), ships of more than two hundred and fifty tons, register tonnage, engaged in fishing are not exempt from the payment of pilotage dues in pilotage districts of the province of Newfoundland—

Newfoundland is singled out—

—unless the pilotage authority of the district so directs by by-law approved by the Governor in Council.

This applies to ships of more than 250 tons, register tonnage. I think the claim is made that no fishing vessel or dragger in this area is over 250 tons. That may be correct today, so far as some fisheries are concerned, but in Lunenburg we have had them at 192 tons, and that is getting pretty high. I am not sure about the seal fisheries but I know that a vessel called *The Bear* which was repaired in Lunenburg must certainly have been over 250 tons. She was engaged in the seal fishing industry off Newfoundland. I don't know whether the seal fisheries are included in this section of the bill or not.

The main point is that these pilotage rights will be given to all ships, whereas formerly they were given largely to Canadian ships and ships registered in any of Her Majesty's dominions. It seems to me that we are getting so tangled up that we would be in a much better position if in this legislation we considered only registered Canadian ships for exemption privileges.

We have reciprocal agreements with the United States as to pilotage on the Great Lakes, and this is only proper. We could not get along without such agreements and without having the same regulations applying to vessels from both countries. I read in the newspapers that there was quite a controversy as to the necessity of pilots on the lakes and in congested areas. It would appear that this legislation is doing something sensible by providing that there must be pilots on vessels in congested areas, and in other areas there must be a sailing master or skipper who is acquainted with the waters and can navigate them. As time goes on more and more sailors will become proficient in navigating these waters.

Pilotage in Canada is not obligatory except on the Great Lakes. You have to pay pilotage dues, though you do not have to accept the services of pilots; but pilotage is obligatory on the Great Lakes, and I think that is salutary. However, the minister is given wide powers to exempt owners or masters from pilotage requirements on the Great Lakes.

I would also point out that under section 347 of the act the Governor in Council has control over the general exemptions contained in section 9 of the bill.

The bill provides for the recognition in Canada of certificates granted to masters,

mates and engineers by the Republic of Ireland, which is not in the commonwealth.

As the honourable Leader of the Government said, there is another amendment dealing with small steamships and pleasure yachts. At the present time steamships not in excess of 5 tons gross tonnage are exempt from annual inspection, but not from regulations respecting safety equipment. An amendment to the act will provide that such steamships, in order to be exempt from these inspections and regulations, may not carry more than 12 passengers. The idea is that these small vessels and pleasure yachts are easily kept in repair, and to have Government inspection of them would be onerous.

An "international voyage" is defined in section 1, subsection 2 of the bill, as follows:

"international voyage" means

(a) when used with reference to Load Line Convention Ships, a voyage (not being an inland voyage) from a port in one country to a port in another country either of these countries being a country to which the Load Line Convention applies, and

(b) when used with reference to Safety Convention Ships, a voyage, from a port in one country to a port in another country either of these countries being a country to which the Safety Convention applies, but does not include a voyage on the Great Lakes, their tributary and connecting waters as far east as the lower exit of the Lachine Canal at Montreal, and for the purposes of this paragraph every territory for the international relations of which a country to which the appropriate Convention applies is responsible or for which the United Nations is the administering authority shall be deemed to be a separate country;

Honourable senators, we should study this bill carefully in committee. I do not think preferential treatment for Canadians in their own country should be invaded in circumstances such as this. Newfoundland is faced with the fact that Portuguese trawlers, about 150 of them, come over to fish off the Grand Banks each year. They get their bait and supplies in Newfoundland. Russian, French and Spanish fishermen do likewise, although the French and Spaniards go for the most part to St. Pierre, Miquelon.

If this legislation goes into effect it will exempt fishing vessels up to 250 tons from pilotage dues, but these dues will be payable on any vessel over this tonnage. It seems to me that if we gave the exemption privileges to Canadian fishermen and Canadian fishing vessels only we would be doing what is only natural under the circumstances, and we would have a situation which should be acceptable to everybody. After all, we would be exempting only our own fishing vessels and in Canada. The idea of fishing vessels paying pilotage dues is not something that is accepted on the Atlantic coast. Fishermen are primary producers; they bring products to the land, and come and go at all times. There is no protection, as it were, because they do not take a pilot, anyway, and do not need to, but they have to pay the pilotage dues. I do not think this taxation should be imposed. The honourable Leader of the Government said that we should deal with bills on their merits, without too much partisanship and in a way that we believe to be in the interests of the people of the country. I suggest that this bill should go to committee, where first-class experts would be available. It seems to me that this idea of exempting foreign ships from pilotage dues in our coastwise trade should not be approved.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Hon. Mr. Aseltine: Honourable senators, before I move that this bill be referred to the Standing Committee on Transport and Communications, I would like to say it is my intention to have the proceedings of this committee reported and the report distributed as usual, so that everyone will have a full and complete knowledge of the discussion which takes place.

Hon. Mr. Farris: When will the committee sit?

Hon. Mr. Aseltine: Probably some time next week.

Hon. Mr. Hugessen: There will be a good many representations from varied shipping interests to the committee, will there not? We should probably look forward to having meetings for at least two consecutive weeks in case any one wants to make a representation.

Hon. Mr. Aseltine: Yes. I do not think there is any great hurry, except that it should be dealt with before navigation opens next spring, perhaps somewhere around April 1.

On motion of Hon. Mr. Aseltine, bill referred to Standing Committee on Transport and Communications.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 2 to 15, which were presented yesterday.

Hon. Arthur W. Roebuck, Chairman of the Committee, moved that the reports be adopted.

Motion agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, January 29, 1959

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

Prayers.

DOCUMENTS TABLED

Hon. Mr. Aseltine: Honourable senators, I table the following documents:

Report of work performed and expenditures made as of December 31, 1958, together with estimated expenditures for 1959, under the authority of Chapter 19 of the Statutes of 1956, respecting the construction by Canadian National Railway Company of a branch line from a point at or near Bartibog in a westerly direction to the Tomogonops River in the vicinity of Little River Lakes, in the province of New Brunswick, pursuant to section 8 of the said act. (English text).

Report of work performed and expenditures made as of December 31, 1958, together with estimated expenditures for 1959, respecting the construction by Canadian National Railway Company of certain terminal facilities in the vicinity of the city of Montreal, pursuant to section 11 of the Canadian National Montreal Terminals Act, Chapter 12 of the Statutes of 1929. (English text).

Report of work performed and expenditures made as of December 31, 1958, together with estimated expenditures for 1959, under the authority of Chapter 49 of the Statutes of 1953-54, respecting the construction by Canadian National Railway Company of branch lines from St. Felicien to Cache Lake, Cache Lake to Beattyville, and Cache Lake to Chibougamau, in the province of Quebec, and from Hillsport to Manitouwadge Lake, in the province of Ontario, pursuant to section 8 of the said act. (English text).

Report of work performed and expenditures made as of December 31, 1958, together with the estimated expenditures for 1959, under authority of Chapter 13 of the Statutes of 1957-58, respecting the construction of a line of railway by Canadian National Railway Company from Optic Lake to Chisel Lake, and the purchase by Canadian National Railway Company from the International Nickel Company of Canada, Limited, of a line of railway from Sipiwesk to a point on Burntwood River near Mystery Lake, all in the province of Manitoba, pursuant to section 11 of the said act. (English text).

CANADA-NEW BRUNSWICK INDIAN RESERVES AGREEMENT BILL

FIRST READING

Hon. W. M. Aseltine presented Bill S-6, to confirm an agreement between the Government of Canada and the Government of the Province of New Brunswick respecting Indian reserves.

Bill read first time.

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

Hon. Mr. Macdonald: Explain.

Hon. Mr. Aseltine: Perhaps honourable senators would like a very brief explanation of the bill. In March 1958 an agreement was entered into between the Province of New Brunswick and the Dominion of Canada with respect to certain lands withdrawn from the Indian reserves in that province. This agreement was subject to approval by the Legislature of New Brunswick and the Parliament of Canada. At its last session the Legislature passed an act approving the agreement. The text of that agreement, which is very short, containing only some five paragraphs, is attached as an appendix to the bill, and the preamble in the agreement sets forth in detail what the bill is about. I move that this bill be placed on the Orders of the Day for second reading on Wednesday next, when I shall make a fuller explanation.

Motion agreed to.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 16 to 26, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

CANADIAN BROADCASTING CORPORATION

NOTICE OF MOTION

Hon. Jean-François Pouliot: Honourable senators, as His Honour the Speaker is not a formalist —

The Hon. the Speaker: It all depends. Don't rely on that too much.

Hon. Mr. Pouliot: No sir, but you always take a broad view of the rules.

The Hon. the Speaker: But I am still watching.

Hon. Mr. Pouliot: I know that you are always on the lookout, Mr. Speaker.

I wish to give notice of motion for:

Copy of the form of contract between the Canadian Broadcasting Corporation and the producers.

NOTICE OF INQUIRY

I also wish to ask the following questions:

1. Who are the producers of the Canadian Broadcasting Corporation at present on strike, and what amount was paid to each of them by the C.B.C. and for what programs?

Hon. Mr. Isnor: For what period?

Hon. Mr. Pouliot: For the last calendar year.

2. What was the total cost of each of these programs on television?

I have another question:

What salary was paid to each artist of the Canadian Broadcasting Corporation from January 1, 1958 until December 31, 1958?

I will send to the Leader of the Government a periodical which belongs to the Library of Parliament, namely, *Maclean's* of May 24, 1958, in which it is stated that two artists on C.B.C. television were to be paid $500 for each of six episodes that they missed, so that if they had played them they would have received $3,000, but they wanted higher remuneration; it is a current rumour that one of them asked for $1,000 for each episode. My point in mentioning this is that the Government should have no objection to giving the information that I am requesting now, since the artists themselves gave those figures to a journalist in an interview.

My final question is as follows:

What amount was paid to the Canadian Broadcasting Corporation by each sponsor on television, from January 1, 1958 until December 31, 1958, and for what programs?

I happened to remark to a journalist that a pop company was paying the big price of $350,000 a year. He said "Oh, no, that is cheap." I would consider it a large amount.

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, I move, with leave, that when the Senate adjourns today it stand adjourned until Tuesday next, February 3, 1959, at 8 o'clock in the evening.

Motion agreed to.

DIVORCE

BILLS—FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill SD-1, An Act for the relief of Lise Nolet Lunghi.

Bill SD-2, An Act for the relief of Margaret Stewart Cairns Bamber.

Bill SD-3, An Act for the relief of Gertrude Cerny Thomschitz, otherwise known as Gertrude Cerny Thomas.

Bill SD-4, An Act for the relief of Miriam Hirsh Leff.

Bill SD-5, An Act for the relief of Phyllida Fairbairn Smith Draper.

Bill SD-6, An Act for the relief of Janos Sztecsinics, otherwise known as Jean Sztecsinics.

Bill SD-7, An Act for the relief of Margaret Craig Murdoch,

Bill SD-8, An Act for the relief of Nita Stella Pollock Adams.

Bill SD-9, An Act for the relief of Enis (Ines) Vit Desnoyers.

Bill SD-10, An Act for the relief of Helen Elizabeth MacDonald Downey.

Bill SD-11, An Act for the relief of Silvia Frederike Diethilde Beate Angela Bushsel Fatter.

Bills read first time.

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

Hon. Mr. Roebuck: Next sitting.

NATIONAL CAPITAL
CENTENARY

On the Orders of the Day:

Hon. Vincent Dupuis: Honourable senators, I would like the consent of the house to remind honourable senators that today is the centenary of a great event, an event which has had as a consequence the fact that Parliament sits here in Ottawa instead of in Toronto or Kingston or Quebec. I am referring to the centenary of a decision by the Government of Canada, subsequent to advice of Her Majesty Queen Victoria of glorious memory, that Ottawa be chosen the capital of Canada, Lower and Upper Canada having been united since 1841. It is a great event for many reasons, but especially because it gives us an opportunity to ponder the conviction that the British Parliamentary system is one of the best in the world. As a matter of fact, many countries have adopted parts of the British system of Government, even though it is not based on a written constitution. For instance, only last fall, among those charged by General De Gaulle with the drafting of the Constitution for the Fifth Republic of France was Mr. Michel Debré, a very learned French lawyer, who made a study of the British Parliamentary system. Mr. Michel Debré is known to be a keen student of the British system of Government, and whatever he thought good and fitting for the situation existing in France he borrowed from the British system.

Because our Constitution is based on the British parliamentary system Canada is governed by the will of the people under two main divisions: those who are in the majority govern, and those in the minority form the loyal opposition. One result of this is that whenever any people for some reason or another become discontented they ask their representative in Parliament to express their discontent on the floor of one of the houses. In that way revolutions are prevented, and that is why many countries of the world have borrowed from the British parliamentary system.

May I say *en passant*—and I share this view with the great majority of people in Canada—that it is understandable why the British people are so proud of their country. One reason, among others, is that their almost perfect Constitution, which has been developed through the centuries, is a product of the wisdom of, may I say, our common ancestors—the Britons, Normans, Anglo-Saxons and Celts. It was these peoples who built up point by point the Constitution which today forms part of the parliamentary system that we are glad and proud to enjoy.

On January 29, 1859, Sir Edmund Head, Governor General of Canada, read the Speech from the Throne at the opening of the Legislature. May I read a brief quotation from it? He said:

> It is my duty, on the present occasion, to call your attention to the question of the seat of the Government of Canada.
>
> The Legislature of Canada, having resolved that a fixed seat of Government should be selected, solicited our Gracious Queen, by an address of either house, to exercise her prerogative in making such selection.

And, upon the advice of Her Ministers, she chose Bytown, which is now known as the city of Ottawa.

I should like to read to honourable senators the concluding words of that speech, which I am sure will be found most interesting. It appears that the Governor General in those days felt the sessions were sometimes too long, for he expressed himself as follows:

> I believe that I have summoned you to meet on the present occasion at the time most convenient to yourself. So much beneficial legislation on important subjects has been dealt with in the last few sessions that I shall hope to congratulate you on your release at a time somewhat earlier than usual. With this hope I leave you to your parliamentary labours.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY— DEBATE CONTINUED

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

Hon. William R. Brunt: Honourable senators, in the first instance I would like to compliment and pay tribute to the honourable senator from Lumsden, Saskatchewan (Hon. Mr. Pearson) for the fine speech made by him in moving the Address in Reply to the Speech from the Throne, and to congratulate the honourable senator from Ottawa East (Hon. Mr. Choquette) on the excellent address made by him in seconding the motion. I envy the honourable senator from Ottawa East for his ability to speak fluently in the French language and then turn to speak with equal fluency in the English tongue. I sincerely wish I had that facility. I have never heard anyone who was more completely bilingual than the honourable senator from this fair city. The speeches of both the mover and seconder were of a very high calibre, and I know that I am expressing the sentiments of all senators when I say that this chamber enjoyed and benefited greatly from them.

Next, I welcome to this chamber the three new senators who have just been appointed. In referring to them I shall start with the senator who comes from the most easterly part of Canada, and then move west.

I would like to say to Senator John G. Higgins, from Newfoundland, that his reputation as a very able and witty speaker has preceded him to the Senate chamber. He is well known as a lawyer and a Rhodes scholar, and I know all honourable senators look forward with interest and anticipation to hearing Senator Higgins make his maiden speech in this chamber.

The newly appointed senator from Saskatchewan, John Hnatyshyn, has been a personal friend of mine for many years. I understand that he is the first senator ever to be appointed from the city of Saskatoon. I can tell you that he is very highly regarded by all citizens of that city, and they are most proud to have him here with us today. Further, I feel that the Senate of Canada has been greatly improved by the appointment of the first native-born Ukrainian to this chamber, and I know that his contribution to the debates of the Senate will be helpful and worth while.

Now I come to that most prosperous of all the provinces of Canada, Alberta. It gives me great pleasure to welcome Senator John A. Buchanan to this chamber. Senator Buchanan is a well-known and highly respected engineer and contractor from Edmonton. I know that the citizens of his city are very pleased that they have been honoured by the appointment of my friend, who is universally known in his native city as "Buck" Buchanan. It is with interest and anticipation that I look forward to hearing Senator Buchanan make his initial speech.

Honourable senators, the debate on the Speech from the Throne furnishes me with a real opportunity to give to this honourable body a full and complete report of the recent conference in the city of Washington of a Joint Congressional-Parliamentary Committee made up of members of the United States Congress and members of the Parliament of Canada.

The formation of this committee was first suggested by the Prime Minister in an address he made at Dartmouth College in Hanover, New Hampshire. Then, on July 9, 1958, this house passed a resolution, proposed by the honourable senator from Shelburne (Hon. Mr. Robertson), which read as follows:

That the Senate of Canada welcomes the suggestion of the Prime Minister of Canada for the establishment of a Joint Parliamentary Committee between Canada and the United States of America, believes that it can be of great benefit in improving the relations between the two countries and offers our wholehearted co-operation.

Eight days later, on the 17th day of July, Senator Neuberger made a speech in the Senate of the United States with respect to this very matter and introduced a resolution, section 7 of which reads as follows:

The resolution shall become effective and a Joint Committee established upon receipt by the President of the Senate and Speaker of the House of Representatives of notification that a committee with similar functions and terms of reference has been established by the Canadian Parliament.

On August 8, 1958, the following resolution was considered and agreed to by the Senate of the United States:

Resolved that the Senate Committee on Foreign Relations shall establish a subcommittee for the purpose of exploring with proper officials of the Government of the United States and with members of the Canadian Parliament the desirability and feasibility of increased domestic discussions between legislators of the two countries on problems of common concern.

As a result of all of this there was set up what was known as a steering committee which was to meet, make plans for the forming of a larger committee for discussion of these problems, endeavour to make and finalize all arrangements necessary for the holding of meetings of the larger committee, arrange for an agenda for the larger committee, and generally superintend and do all these things which would be necessary for successful meetings of the larger committee to be held from time to time in future in each country.

The Canadian committee set up was composed of nine members, as follows: Our Speaker; the honourable senator from Kamloops, the Honourable Sydney J. Smith; and myself, the senator from Hanover: and from the other place, the Speaker; the Honourable Lionel Chevrier, M.P. for Laurier; Messrs. Hazen Argue, M.P. for Assiniboia, William L. Houck, M.P. for Niagara Falls, Richard D. Thrasher, M.P. for Essex South, and Erik Nielsen, M.P. for Yukon.

There were eight members named by the Congress of the United States, as follows: From the Senate: Senator George D. Aiken, of Vermont; Senator Homer Capehart, of Indiana; Senator Mike Mansfield, of Montana; Senator Wayne L. Morse, of Oregon. From the House of Representatives were named: Congresswoman Edna F. Kelly, of New York; Congressman Frank M. Coffin, of Maine; Congressman Walter H. Judd, of Minnesota; Congressman Chester E. Merrow, of New Hampshire.

Hon. Mr. Reid: Was a record kept of the proceedings?

Hon. Mr. Brunt: Not a public record. I think I can give this honourable body a brief outline which will cover the highlights of what took place.

The Canadian delegation arrived at Washington about 6 p.m. on Thursday, January 8, and the entire party was entertained that evening at a buffet supper by A. E. Ritchie, Chargé d'Affaires of the Canadian Embassy at Washington.

Following the buffet supper an informal meeting was attended by all members of the Canadian delegation with Mr. Ritchie and the following members of the staff at Washington Embassy: Messrs. Rae, Farquharson, Conroy and Broadbridge. At this meeting there was a thorough discussion with respect to the chairmanship of the committee and matters of procedure. The briefing which was given to the Canadian delegation by the members of the Canadian Embassy mentioned above was very complete, and, I am sure, most helpful to all members of the Canadian delegation.

There was arranged for Friday, at 9.00 a.m., an appointment with the President of the United States for the entire Canadian delegation and their wives. This meeting took place at the White House, and to me it could be considered as the first step toward the improvement of relations between our two countries. The meeting was very informal and friendly. The President took considerable time out of what was, for him, a very busy day to chat with and talk to the entire delegation, and I am sure that all of the members of our delegation came away from this meeting with a very warm feeling for him as a very human person.

Arrangements were made whereby the entire Canadian delegation was to attend a joint session of the Congress of the United States, to hear the State of the Union address by the President.

Unfortunately no arrangements had been made for the members of the press gallery who had accompanied the Canadian delegation to attend this joint session. However, Patrick Nicholson, through the kind co-operation of James Hagerty, the President's press secretary, was able to arrange for the members of our press gallery who had accompanied us to be seated in the press gallery in the House of Representatives so that the address could be heard by them.

I believe that all members of this honourable body would be interested in knowing what took place at the joint session of the Congress at the time the President gave his State of the Union address, and for that reason I am going to take a few minutes to describe this in detail.

First of all, the members of the House of Representatives, the lower chamber of the United States Congress, took their seats in the hall. Then the doorkeeper, the equivalent of the Sergeant-at-Arms in our House of Commons, announced the Vice-President and members of the United States Senate, who came in in a body and sat down. Then the doorkeeper announced the ambassadors and other visiting diplomats from foreign countries, who likewise came in and took seats on the floor of the chamber. Their wives and other people entitled to receive tickets were sitting, like the wife of the President and other officials' wives, in the galleries. Then the doorkeeper announced the Chief Justice and the associate justices of the Supreme Court who, wearing their black gowns, paraded in and took their seats. They were followed by the members of the cabinet of the President of the United States, who are not members of Congress. All members of the President's cabinet are appointed by the President; they are responsible to him and they report to him. Finally, escorted by three senators and three representatives, the President entered. He went to the rostrum immediately above the Speaker's raised seat and it was from this point in the hall that he gave his address.

As each group came into the hall the crowds in the galleries and those already seated on the floor applauded. Applause for the President included cheers from the crowd of about 2,500 people in the huge hall, all of whom rose to their feet, and this welcome for the President lasted for several minutes. In the House of Representatives no member is allocated a seat. A member may take a seat anywhere on the floor, and as there are more than 400 members I can assure you that it is quite a job to record a vote. I have been told by American Congressmen that many times they are missed in the recording of a vote. When this happens to a member he waits until the clerk is finished recording the votes and they go to the front of the chamber and have their vote recorded at that time.

Now, to deal with the State of the Union address by the President. I realize that it would be most improper and inappropriate for me to endeavour to place this address on our *Hansard*, even as an appendix thereto. However, in view of the fact that the speech was a most courageous one I am going to take the liberty of quoting excerpts from it for consideration by the members of this honourable body. I may say that I have two or three extra copies of the speech and if any honourable senator would like to read the full text I would be only too happy to lend him a copy. Certain parts of the speech are of such a nature as to cause considerable thought to be given to them by all honourable senators. Naturally I do not propose to comment in any way upon the policy of the President as outlined in his speech. That would be very improper on my part.

The first passage which I will quote appears early in the speech. It deals with the national security program of our neighbours to the south, and it is as follows:

> National security programs account for nearly 60 per cent of the entire federal budget for this coming fiscal year.
>
> The overall cost of introducing Atlas into our armed forces will average $35 million per missile on the firing line.

Some of these figures were really staggering to me.

Another quote:

> This year we—

the United States—

> —are investing an aggregate of close to $7 billion in missile programs alone.
>
> Our latest atomic submarines will cost $50 million each, while some special types will cost three times as much.

I don't know what types these could be that will cost $150 million each.

A further quote:

> We the United States are now ordering fighter aircraft which are priced at 50 times as much as the fighters of World War II.

Then there was this very surprising and, to me, rather shocking statement:

> We are buying certain bombers that cost their weight in gold.

I mean to say, the expenditures are terrific. And finally, in connection with matters of defence, one finds this statement:

> Our outlook is this: 1960 commitments for our armed forces, the Atomic Energy Commission and military assistance exceed $47 billion. In the foreseeable future they are not likely to be significantly lower.

Another very interesting statement made by the President in his speech on the State of the Union had nothing to do with defence but was on an entirely different subject. He said:

> I plan a committee comprised of educators and representatives of labour, management, finance, the professions and every other kind of useful activity.
>
> The new committee would be concerned amongst other things with the living standards of our people, their health and education, their better assurance of life and liberty and their greater opportunties.

In this chamber and in the other place a great deal has been said about inflation. The

President of the United States made a very unusual statement on inflation, and I am going to take the liberty of reading it:

> Inflation is not a Robin Hood, taking from the rich to give to the poor. Rather, it deals most cruelly with those who can least protect themselves. It strikes hardest those millions of our citizens whose incomes do not quickly rise with the cost of living. When prices soar, the pensioner and the widow see their security undermined, the man of thrift sees his savings melt away; the white collar worker, the minister, and the teacher see their standards of living dragged down. Inflation can be prevented. But this demands statesmanship on the part of business and labour leaders and of Government at all levels.

Later the President made certain remarks with respect to the abuse of trust and power in labour-management affairs. His statements are most courageous and I should like to repeat them now. They are as follows:

> I shall recommend prompt enactment of legislation designed:
> (a) To safeguard workers' funds in union treasuries against misuse of any kind whatsoever;
> (b) To protect the rights and freedoms of individual union members including the basic right to free and secret elections of officers;
> (c) To advance true and responsible collective bargaining;
> (d) To protect the public and innocent third parties from unfair and coercive practices such as boycotting and blackmail picketing.

As the President said:

> The workers and the public must have these vital protections.

As all honourable senators are well aware, the President of the United States has what is known as the right to veto any legislation passed by the Congress. This is a right which all Presidents have had for many, many years, and for my final quote from the speech on the State of the Union I would like to use this particular one:

> I shall recommend to the Congress that the Chief Executive be given the responsibility either to approve or to veto specific items in appropriations and authorization bills. This would save tax dollars.

In other words, the President was asking Congress to give him the right of veto not only in respect to legislation but in respect to the expenditure of money in his country. Whether or not such a power is accorded to the President, time alone will tell. I do not care to express any opinion on this particular matter, but I can assure honourable members that congressmen and senators at Washington have definite opinions about it, some for and some against.

After the President's address on the State of the Union the entire Canadian delegation was taken to lunch as the guests of Congresswoman Edna Kelly, where we met many members of the House of Representatives and were afforded an opportunity of becoming better acquainted with them. The United States Senate was in session on that particular Friday afternoon, and there was before it a motion to amend its rules so as to prevent filibusters. You can readily imagine the surprise experienced by the Canadian delegation when they were informed that the Senate had graciously agreed to adjourn the debate on this motion so that we could be taken on to the floor of the Senate and individually introduced to its members. We were introduced by Senator George D. Aiken of Vermont, who told me he expected that the introduction and speeches to follow would take approximately ten minutes. Honourable senators can imagine how pleased the delegation from Canada was by the fact that the introduction and speeches of welcome and good wishes made by the various members of the United States Senate took over 40 minutes out of a very busy day. What occurred is set out in detail in the *Congressional Record* under date of Friday, January 9, 1959, and contained on pages 304, 305, 306 and 307. With the permission of this honourable body I would like to have this printed as an appendix to the *Debates* of our Senate, so that each senator will have an opportunity of reading just what was said about the Canadian delegation.

Hon. Senators: Agreed.

Hon. Mr. Roebuck: It consists of how many pages?

Hon. Mr. Brunt: About four pages. They comprise a brief biographical sketch of each member of the Canadian delegation, placed on the record by Senator Aiken, followed by words of welcome and expressions of good will by many senators.

See appendix to today's Hansard, *pp. 77-83.*

A point of procedure in the Senate of the United States which I am sure will be of interest to every senator here is that at the time the Canadian delegation was taken on to the floor of the Senate the floor was held by Senator Lyndon B. Johnson of Texas, the Majority Leader in the Senate. It will be noted that each senator who welcomed us had to obtain the permission of Senator Johnson before he was allowed to speak. Permission was invariably granted by Senator Johnson, who would say "I yield to my friend from Montana", or "I yield to my distinguished friend, the senator from Oregon", or as the case might be. If this procedure had not been followed Senator Johnson would have lost his priority on the resumption of the debate which was interrupted by our arrival.

The introduction of the Canadian delegation was most impressive and friendly, and

it is my sincere wish and hope that if our Parliament is in session when the next meeting of the Congressional-Parliamentary Committee is held in Canada, this honourable body will invite the delegation from the United States into the Senate and accord them the same privilege and honour as we received.

Shortly after the visit of the Canadian delegation to the Senate of the United States the first meeting of the joint committee was held, in Senate Foreign Relations Committee room in the Capitol at Washington. All members from both countries were present, and at the opening of the meeting it was proposed by our honourable Speaker that the United States members of the committee, as hosts, should nominate and provide the chairman for the first meeting. This gracious offer by our Speaker was accepted by the United States delegation, and Congresswoman Edna Kelly of the State of New York was named chairman.

After a few introductory remarks Congresswoman Kelly suggested that the first item of business might be the consideration of the relationship which should exist between the delegations of both countries and the press, and it was agreed that the press release for the first meeting should be confined to the background of the meeting and a short general statement as to the groundwork discussions.

The delegations from both countries then considered a number of matters relating to the organization of the two inter-parliamentary groups. An agreement was reached on the following:

(a) The name of the group would be the Canada-United States Interparliamentary group ("Canada" and "United States" would be interchangeable, depending on which was the host country).

(b) The invitation extended by the Canadian members of the committee to hold the next meeting in Canada was accepted. It was decided that the time of the next meeting should be at the official opening of the St. Lawrence Seaway during the month of June of this year. It was the feeling of all members of the Canadian delegation that the American delegation should be taken through the Welland Canal in order that they might see and appreciate this great engineering work done there by Canadians, and also a short side visit would be taken to Niagara Falls. Then arrangements would be made for all members of both countries to be present at the official opening of the St. Lawrence Seaway, at which our Queen and President Eisenhower would officiate.

The entire Canadian delegation felt that if our Parliament is then in session a side trip should be arranged for our visitors so that they could travel to Ottawa and see the Canadian Parliament in session. The tour would then continue to Montreal. Through the excellent preliminary work which had been done by our Speaker, we were able to tell our American friends that they would have an opportunity of travelling by boat from Montreal to Seven Islands, and thence by railroad to Knob Lake. On this part of the trip there is no doubt that meetings would be held and discussions would take place which would be of benefit to both countries. Furthermore, meetings could be held at Knob Lake also.

I now express the appreciation of the Canadian delegation, and we feel very grateful to our Speaker for having been able to arrange all this.

A short discussion took place with respect to the number of meetings which should be held each year and the composition of delegations. However, it was decided to leave any final decision on this matter to the meeting which was being held the next day. Just before the meeting closed Senator Morse of Oregon proposed the following, which was adopted, that an agenda committee be formed, consisting of Senator Aiken and Congresswoman Edna Kelly from the American members, the Speaker of the other place and our Speaker from the Canadian Delegation.

The committee was instructed to consider the following:

(a) The agenda for the meeting next day;

(b) To lay plans and give consideration to the preparation of an agenda for the June meeting.

Now, honourable senators, I quite realize that this speech may sound like an amateur's description of a Cook's Tour.

Hon. Mr. Reid: You are doing very well.

Hon. Mr. Brunt: However, I feel that I should call to your attention and tell you about each of the functions that took place. Our hosts, the Americans, treated us in a most gracious and kindly fashion, and for that reason I am going to take the opportunity of mentioning the functions.

On Friday evening we were entertained at a reception given by A. E. Ritchie, Chargé d'Affaires of the Canadian Embassy, the reception being held at the Canadian Chancery. Honourable senators, I must confess my ignorance in that I did not know what the Canadian Chancery was until it was explained to me. It is simply a parliamentary sounding name for the offices of the Canadian

Embassy, and I had never heard of it until I got to Washington. It is located on Massachusetts avenue. This was a very enjoyable affair and it gave all the members of the Canadian delegation an opportunity to become acquainted not only with our American friends but also with the various people connected with our Embassy at Washington.

This was followed by a dinner given at the Mayflower Hotel by Senator Green of Rhode Island and Congressman Thomas E. Morgan of Pennsylvania.

I know that there must be senators here who have never met and are not acquainted with Senator Green. He is 92 years of age and a most remarkable man. He is Chairman of the Foreign Relations Committee, and his mind is as sharp, as the saying goes, as a steel trap. He made a speech to us that evening. It was short, but very instructive and very interesting.

Mrs. Brunt and myself had the pleasure of being seated at a table with Senator Wylie and his wife and Representative Coffin and his wife. I can assure all senators here that this country has in Senator Wylie a great advocate of rectification of the Chicago water diversion. He is really a friend of Canada on this particular problem.

The final meeting of the committee was held in the Senate Board of Relations Room on Saturday, January 12. At this meeting many matters were discussed, the first of which was the composition and representation of members of the two steering committees. It was decided that this particular matter should be settled by each parliamentary body. However, each country would have an equal number of members on the committee, and we on the Canadian delegation came to the conclusion that it would be most wise to recommend that the steering committee be made a permanent committee so that at all times there would be a hard core in charge of the arrangements for all meetings which would be held. There is no doubt that this will result in greater efficiency.

Furthermore, the Canadian members of this joint committee were definitely of the opinion that there should be at least 24 members from each country on all future committees, being composed of 8 members of a permanent steering committee and 16 members who would rotate and change for each meeting. If this system were followed it would mean that eventually every representative and every senator of the United States Congress would have an opportunity of meeting senators and members of Parliament from our House of Commons and Senate and we would have an equal opportunity of meeting them. There was one further stipulation, that if either country desired to change the number of its representatives on the committee at any time this could be done on giving notification to the other country.

I want to assure all senators that when the committee is set up for the next meeting to be held here in Canada, in June next, I will put forth every effort possible to see that a goodly number of senators are included. In this Senate we have leaders from all walks of life, namely, from agriculture, education, the legal profession, the medical profession, and the financial and business world, and there is no doubt that a great and worthwhile contribution can be made by Canadian senators to the discussions which will take place at all future meetings.

Next it was agreed that there would be a joint staff, one from each country. However, neither Government was to furnish any experts, since it was felt that they might possibly hinder a free discussion by all members of the committee. It was agreed that after each meeting a report would be prepared and submitted by the committee to the respective legislative body of each country. The Canadian group would also submit a copy of their report to the Department of External Affairs and the United States group would submit their copy to their State Department, so that these departments would be fully informed and advised of all discussions which had taken place and also of any recommendations made.

With respect to the financing of the meetings, it was decided that each country would pay for its delegates' transportation to the host country, and hotel bills in the host country, the host country to pay all other expenses. This of course is based on the premise that meetings would be held alternately in the two countries, otherwise expenses might be shared by the two Governments.

The hope and desire was expressed that the meetings would not always be held in Washington and Ottawa, but would sometimes be held in other parts of each country where specific problems exist. Furthermore, if each country provided 24 members for the committee it was felt that the committee might be split into a number of subcommittees, and thus it would be possible to deal with more of the problems and difficulties that now exist between our two great countries.

Finally, the Agenda Committee which was composed of Senator Aiken and Congresswoman Kelly, with the Speaker of the other place and our Speaker, polled the entire committee for suggestions as to topics and subjects which might be discussed. The following is a partial list:

1. Trade and defence, with specific reference to the Hyde Park Declaration.

2. The protection of fish and fishing rights. I think this was put in for the benefit of the honourable senator from New Westminster (Hon. Mr. Reid).

Hon. Mr. Reid: Good.

Hon. Mr. Brunt: 3. The Columbia River power development and a number of problems relating particularly to the province of British Columbia.

Those suggestions were made by the honourable senator from Kamloops (Hon. Mr. Smith). At this time I wish to pay high tribute to Senator Smith, and to assure all honourable senators that he took a very prominent part in all discussions and a worth-while contribution was made by him. Indeed, all members of this honourable body can be justly proud of the work done by the senator from Kamloops.

In passing, may I say that the Smiths and the Brunts got to know each other much better as a result of this Washington trip. So, the trip, in addition to improving Canadian-American relations, also improved the friendly relations which previously existed between members of this honourable chamber. We enjoyed each other's company very much.

The following additional subjects were mentioned: defence and conservation of national resources; defence and economic peace; consideration of ways and means by which Canada and the United States may work together in matters of foreign policy; international boundary waters, and the economic place of minerals in the economy of both countries.

His Honour the Speaker suggested a very interesting subject which he thought should be discussed, that of the need for the schools of the United States to teach Canadian history to permit a better understanding of Canada by the children of the United States. Incidentally, at the present time a course in American history is being taught in our Canadian schools, but no similar course in Canadian history is taught in United States schools.

The next subject which I shall mention is, I am sure, one that is of interest to everyone here, namely, the matter of the disposal of wheat and coarse grains through a joint export selling agency, to be made up of members of both countries. I do not know whether we will ever establish such a commission, but if we could it certainly would eliminate a lot of problems which now exist with respect to the sale of wheat and other coarse grains by both countries.

Another subject was the problems related to the possibility of both countries sharing in defence production. Another was the investment of capital by the United States in Canada, especially the investment of risk capital, and the policy and management of United States subsidiary companies located in Canada.

Another matter was trade defence and tolls on the Welland Canal, and still another was the existing quotas which apply to the importing and exporting of agricultural products between the two countries. And finally, there was the matter of disposal of surplus products in both countries.

The above list of subjects was furnished to the agenda committee, to which I referred earlier, and it was left to this committee to finally decide upon and set up an agenda for the meeting to be held during June next.

When the meeting, which was held on Saturday, adjourned, the entire delegation, consisting of the representatives of both countries, was tendered a luncheon by Senator Aiken of Vermont. The luncheon was held in a very famous room on the Senate side of the Capitol. It was the room which originally was used by the Senate of the United States; later, when the Senate was provided with more spacious quarters this room was used by the Supreme Court of the United States, which continued to occupy it until its own building was erected in Washington. At the present time the room is being used for special functions.

At this particular luncheon we were honoured to have with us—and I use the words used by American congressmen and senators—"that old warrior", namely, Sam Rayburn, a representative from Texas, who is Speaker of the House of Representatives and has served in that office for nine terms. This is an all-time record, and one which I am assured by American senators and congressmen will never be equalled. During the course of his remarks Representative Rayburn told the gathering that he was the son of a blacksmith and had left school at the age of ten. There is no doubt that he is a self-made, self-educated man. Also he told the gathering that he had never been outside the United States, which to me was most startling. I know that it is the feeling of our steering committee that we should endeavour to arrange for a special invitation to be sent to Representative Rayburn to attend at least part of the meeting which will be held in Canada during June next. I realize that as he is Speaker of the House of Representatives it is impossible for him to stay away from Washington for any long period. However, the Canadian members of the committee feel it should be possible for him to get away for a day or two, and of course we would be

delighted to have him visit Canada, which would be the first foreign country he has ever visited.

At this luncheon the Honourable Lionel Chevrier and myself were accorded the honour of thanking the American members of the committee for the kind hospitality which was shown to us and for the gracious treatment accorded to all the Canadian delegates. In my few words of thanks I made a plea to Representative Rayburn that he send a large delegation to Canada in June, having been advised by senators and congressmen seated at my table that he would have a great deal of influence in deciding the size of the delegation which would come here.

This luncheon gave all members of the Canadian delegation an opportunity to meet many United States senators and congressmen. Among those whom I had the honour and pleasure of meeting was Senator John J. Sparkman of Alabama, Senator Russell B. Long of Louisiana, the son of the late Senator Huey Long, who was well known to many Canadian senators; and, if I may refer to one further senator, Senator Strom Thurmond of South Carolina, who was the only senator in the last election to be elected with a very large majority by a "write-in" vote. That is to say, Senator Thurmond was not nominated by either of the political parties in the United States, and when the voters went to the polls they wrote his name in on the ballot in sufficient numbers to elect him with a tremendous majority.

There is one further matter I should like to mention. As a result of our visit with the United States senators, with the help given me by his Honour the Speaker we have arranged that the *Debates of the Senate* of Canada be sent to each senator in the United States. I have already received some 50 letters expressing their thanks. I can assure this honourable body that the United States senators are happy to receive a copy of our debates. May I read just one letter I have received, and I am sure honourable senators will understand why I choose to read this one. Senator Wallace F. Bennett of Utah, who is a member of the United States Senate Committee on Finance, writes:

> Dear Senator Brunt:
>
> I was delighted to receive your letter of January 16 and will enjoy receiving the Senate *Hansard*.
>
> If you would have any interest at all in receiving the *Congressional Record* or if there is any member of the Senate to whom I could send it other than yourself, I would be delighted to make that arrangement, although I freely confess that I find that it is impossible for me to keep up with it. In terms of size, it becomes a terrifying document.
>
> With kindest personal regards.

If any Canadian senator wishes to receive copies of the *Congressional Record,* Senator Bennett will be pleased to hear from you. You may not have time to read all of it, but I am sure in it you will find discussions of matters of interest.

Honourable senators, I realize that I have taken too much of your time in trying to give you a picture of what took place in Washington. However, I feel there is nothing I could have left out. In closing, may I say it is my sincere hope and wish that many honourable senators will be members of the committee which will meet in June, since there is no doubt that the members of this chamber can make a great contribution to all the discussions which will take place at that time. Their contributions to such discussions will, I know, go a long way toward solving many of the irritations and difficulties which now exist between these two great countries of the western hemisphere, the United States and Canada.

Hon. Donald Smith: Honourable senators, may I first extend a sincere word of congratulations to the honourable senators who were chosen to move and second the Address in Reply to the Speech from the Throne. Each performed his task in a manner which served so well to continue the tradition of excellence of such speeches in this chamber.

To the three new members of the Senate I add my word of welcome and best wishes. Each, I am sure, will have an important contribution to make to the work of the Senate and its committees.

The year 1959 is a year of a number of important Canadian historical anniversaries. Today the honourable senator from Rigaud (Hon. Mr. Dupuis) referred to a very important centennial. May I remind honourable senators that an event took place, just 200 years ago, which, although not recognized as such at the time, was the beginning of the slow process of welding two great races to form the independent, free and united nation of which we are so proud.

With your permission I shall look back for a very few minutes on another anniversary—the bicentennial of the founding of my home town of Liverpool, Nova Scotia. Because it took place at an important period in our history, this event may be of more than passing interest to honourable senators.

It may be of special interest to our colleagues whose mother tongue is French that in 1604 Liverpool harbour was visited by De Monts and Champlain, which event has been marked by the Historical Sites and Monuments Board of Canada. This region of Nova Scotia a few years later became part of a French *seigneurie* and a shore fishery was established. However, it was not until 1759 that a few families from Plymouth

of Mayflower stock, arrived, and they became the first permanent settlers of this part of Nova Scotia. They were led by a Captain Sylvanus Cobb, who at that time was more famous as an Indian fighter, and who, as a member of Goreham's Rangers, had served with General Wolfe at Louisburg. Captain Cobb brought with him the materials for his home, which stood in good repair and was continuously occupied until, unfortunately, destroyed by fire just a few years before.

Scores of families from New England followed these original settlers, until, in 1762, it is recorded that they were operating three water-driven sawmills, fed with the magnificent white pine that in those days covered the adjacent watershed of Nova Scotia's largest river. A typical colonial economy was soon taking shape. Vessels were constructed to carry lumber and salt fish to the West Indies, returning with molasses—and with what was considered to be an essential by-product of the latter. Vessels were also constructed to enter the carrying trade, making our Liverpool seamen as familiar with the streets of Rio as they were with those of Halifax.

At the beginning of the Revolutionary War the sympathies of these early settlers, as well as of those in northern Nova Scotia, lay with their kin whom they had left behind in New England. Accidents of history, which always seem to be clearing the path of destiny, changed these natural sympathies and prevented Nova Scotia, which was then composed of New Brunswick and part of Maine as well as the present provincial peninsula, from becoming the fourteenth state of the new republic to the south.

It was indeed fortunate that one of the early settlers, Colonel Simeon Perkins, saw fit to record the day-to-day colonial activities from 1766 until his death in 1812. It is even more fortunate that the Perkins diary has been preserved to this day, and that much of that historical survey has been recorded, in a most interesting fashion, in the historical novels by Thomas H. Raddall, a resident of Liverpool. I particularly commend to my colleagues the reading of Dr. Raddall's first historical novel, *His Majesty's Yankees*, in which the choice to remain loyal to the king, and the part played by the settlers of Liverpool in the Revolutionary War on the side of the king, has been recorded for present and future generations of readers who prefer their history in a well-flavoured and palatable form. We in Liverpool are very proud of our fellow-townsman, and take special pride in the fact that he has been on two occasions a winner of the Governor General's non-fiction award.

Thomas Raddall has written a number of equally interesting historical and contemporary novels, but his book that tells so well the true tales of the privateers is especially treasured. His stories of privateers are factual accounts of the amazing naval exploits of these vessels and of the skills of their Liverpool crews. Perhaps the most famous was the *Packet*, which during the War of 1812 captured 200 enemy craft, and was responsible for the American decision to build the Cape Cod Canal.

Some of the original colonial homes of the Liverpool privateersmen are still in excellent condition and are occupied, for the most part, by those who know the lives and times of their former owners. The home, of Cape Cod architecture, built by Colonel Simeon Perkins is now an historical museum, owned and operated as such by the Government of Nova Scotia, having been acquired previously by the local historical society. I invite honourable senators to visit Liverpool in 1959, its bicentennial year, and sample the historical atmosphere of the 18th century. You will find a bustling town of beautiful trees with friendly people, a mixture of the old names of pioneer times with those who came to us as newcomers with the establishment, thirty years ago, of the modern newsprint plant of the Mersey Paper Company.

I should like to say something about the problems of the Atlantic region. I am glad to have had a special reason for saying something about the history of the part of Canada from which I come. A background has thus been provided for some reference to the Atlantic provinces which, it has been stated on occasion, have their roots in history.

Before the time of Confederation—sometimes referred to as the days of wood, wind and water—like the rest of Canada, Nova Scotia had a pioneer economy. I am referring to problems of Nova Scotia, but most of these are common to the other Atlantic provinces. As I say, Nova Scotia had a pioneer economy. In other words, she was relatively self-sufficient in manufactured goods as well as in food requirements. Foreign trade was brisk and it was profitable. The development of economic nationalism, which was to sweep the world and which took the form of a policy of protective tariffs, had not arrived, but was not far away. In 1879 the Canadian protective policy aggravated growing world market problems and, tearing our natural trade out by the roots, forced a transplanting of those roots in unsuitable soil. These Atlantic provinces were forced out of many foreign markets and, turning away from seaborne

commerce, which action spelled the end of the carrying trade, looked toward the interior of the new Confederation of Canada, then 12 years old.

In this new east-west trade pattern many difficulties immediately confronted them, difficulties which had not existed before Confederation. In the first place, products at the end of the new trade route were competitive; for example, lumber and apples and manufactured goods of all kinds.

Secondly, cheap water transportation gave way to rail shipments. Their relatively high costs were made even higher by the longer distance followed by the I.C.R.—the Inter-Colonial Railway—built on an all-Canadian route for national security reasons. They seemed to get along fairly well until 1912 but during the period from 1912 to 1926 a phrase, very commonly in use today, was heard from time to time, and each time it spelled more trouble. That phrase was "horizontal increases".

In 1927, after repeated petitions and inquiries on the transportation difficulties, came the Maritime Freight Rates Act, which was an attempt to restore the former transportation position of the Maritimes. The benefits of this act assisted the economy of the region until more recent years, when horizontal increases again became the order of the day and once again accentuated the pressure of geography and economic facts.

Throughout the years the freight rate structure itself has caused a further decline in manufacturing in the Atlantic region, because low rates applied only to low-value raw materials. It is the rate structure itself that has largely been responsible for a progressive concentration of steel manufacturing beyond the Atlantic provinces, where there is a region of abundance of iron ore, coal and manpower.

The expansion of this industry by the A. V. Roe Company—the new owners of DOSCO—in the Montreal area, appears to be the end of any expansion of steel manufacturing in Cape Breton, unless there is a drastic change in the Government's policy in the matter of freight rates whereby the commercial yardstick will become secondary to nation building and equality of opportunity.

After two long years the people of the Atlantic region are still waiting for those promised new transportation policies to be expressed in some concrete form which will bring greater returns to our primary producers and to make a favourable economic climate for expansion, not contraction, of manufacturing, and especially of steel.

I suggest that consideration should be given to an arrangement similar to the Crowsnest Pass Agreement which resulted in the economic agricultural development of the land mass of the west. Something of that nature would make possible the full use of the combined resources of coal and iron ore and labour in the Atlantic region. Studies by the experts made at the direction of the former Government have been going on for three years, which, when added to the information gathered by previous commissions, should have provided this Government with abundant knowledge on this subject. Now, let us hear no more about cabinet committees and *ad hoc* measures. I think the people of the Atlantic region expect to have new policies developed.

There are problems other than those of tariffs and transportation with their roots in history, both early and recent history. While Canada's protective tariff policy has encouraged national manufacturing over the years, the economic facts of transportation, as well as mass production and market availability have been responsible for a concentration of this activity in the heartland of the St. Lawrence basin. The turning over to the various provinces of the resources of the Canadian Shield was for many years a relatively unimportant historical fact. As time went on, however, it provided the basis of attraction for many of those who migrated from the Maritimes and it contributed to the comparative disabilities of these Atlantic provinces. There, I think, is another problem with its roots in history.

It is a fact of more recent history that accelerated depreciation and salvage value prices greatly assisted the post-war industrial activity of the two central provinces, substantially adding to the disparity of incomes between the people of the Atlantic provinces and the residents of these other provinces. May I point out that 50 per cent of Government investment and 75 per cent of private investment in war plants have found peacetime use in industry. Of interest, too, is the fact that since Korea, in 1951, 90 per cent of the defence plants have been established in Quebec and Ontario, continuing to be a brisk stimulus to manufacturing in those provinces. While the Maritimes were not without a measure of similar expansion in defence manufacturing, it served mostly to point up once again the disparity in economic development. Thus did these Atlantic provinces, in times of war or threat of war, fail to share equally in the national industrial development. Over the years since Confederation the people of the Atlantic area have been paying a high penalty because of geographic location and the denial of opportunity for natural and economic trade on water routes.

Now, honourable senators, what of the present-day and future economic position of the Atlantic region?

Most economists agree that the present economic situation of the Atlantic provinces is closely related to the low productivity of those many rural people engaged in marginal and seasonal activities. Because of this single factor, it has been estimated that there is a resultant loss per annum to the nation of 100,000 man-years of production.

It is evident therefore that a solution to the economic problems of the Atlantic region would make a significant contribution to national income and prosperity. When the day arrives that regional problems—no matter where they exist in Canada—are substantially diminished by effective Government policies, supplementing those carried out by past administrations, we will then have been brought close indeed to complete triumph of nationhood over geography. Then, too, will come the end of financial patchwork with its high cost to the national treasury.

In the process of developing policies, the Government of the day should have a full realization of the importance to the large rural population of the forest products industry, which takes first place in the economy of the Atlantic provinces, with almost 22 per cent of the total production.

This industry is at present in a delicate position, since it is, in general, geared to export markets. Whether these markets will expand is, in large measure, dependent on the kind of trade policies followed by the Government. For example, a deliberate policy of restricting trade with the United States may well have as one of its results an American policy of lessening their dependence on imports of Canadian pulp and paper products through stepped-up encouragement of the utilization of southern pine as an alternative source of fibre. I might add that even now, without financial encouragement by the federal Government of the United States, this rapidly enlarging source of cheaper fibre together with competitive power and labour costs is giving real concern to those who only a few short years ago were confident of a rapid expansion of this all-important Canadian industry. We find that the modern scientific world can overcome handicaps which not so many years ago seemed too great to overcome with regard to the utilization of southern pine.

And how can we expect to regain our export position in the United Kingdom lumber market when present Canadian policy makes it increasingly difficult for a reciprocal entry of British textiles into this country? No part of Canada has to pay such a price for a Canadian policy of protection as do the Atlantic provinces. *Ad hoc* financial assistance to the Governments of these provinces, with its side effect of encouraging them to live beyond their means, is a poor substitute indeed for freer trade policies which encourage the marketing of our natural resources and provide jobs for our people.

Most honourable senators are aware, I am sure, of the crisis in the steel and coal industry of Nova Scotia. In Springhill there is, of course, a desperate situation resulting from the closing of the mines following the tragic disasters of last year and the previous year. In Pictou County and in Cape Breton, because of loss of markets, it has been found necessary to cut down on production to the extent that this winter more than 5,000 miners will be without jobs, and the future is far from bright.

It seems fashionable at this time for some people to lay all the blame for this situation on the doorstep of A.V. Roe Company and its subsidiary, DOSCO, and I agree that the company must assume some share of responsibility for the present situation. When they were able to obtain control of DOSCO, the president of A.V. Roe Company had this to say:

> —We have but one aim—to expand this Canadian enterprise so that it will be stronger, more enduring and more profitable to its shareholders and employees and, at the same time, contribute something strong, solid and substantial to the development of the Atlantic provinces and their people—

In view of this statement, the people of Nova Scotia expected better things from the company than announcements of large scale lay-offs in the coal industry and almost simultaneous announcements of its intention to build new steel-manufacturing plants in the Montreal area. But I also say that a Government composed of men who went through eastern Nova Scotia during two election campaigns promising increased production of steel and coal has a definite responsibility for doing something about the present critical situation.

Without the programs of assistance through subvention on coal and encouragement of mechanization, devised and carried out for some years by the former Government, this industry, the life blood of eastern Nova Scotia, would have perished long ago from its chronic illness. A natural and economic market for Nova Scotia coal production should be in the Atlantic area itself, and in time such a market may develop; but under present conditions the financial assistance is meagre indeed.

The result of the widely publicized thermal power legislation of the last Parliament is

certainly disappointing to the miners of coal, as its effect on the industry has been trifling indeed. In order to ensure a further development of the markets for coal in the Atlantic area, the basis for subventions should be widened to provide competition for oil which is imported from foreign countries.

Perhaps the best immediate marketing prospects for our coal, as well as for alternative employment for our displaced miners, lie in a government-encouraged expansion of the steel industry. I have already mentioned the possibility of a new governmental approach to the problem of transportation of manufactured steel, and I shall have something to say about the fiscal approach to the problem at the conclusion of my remarks.

I should like now to make some reference to the fishing industry, an important one in the Atlantic region and in my own particular area. The former administration did much to encourage the use of more efficient means of production with a program of subsidies for the construction of draggers and long-liners. At the same time financial assistance was given to the construction of bait freezers and cold storage plants where they were needed. With larger quantities available of a better product, attractively packaged and shipped in fresher condition, the time has now arrived for this Government to join with private enterprise in an effective promotion and advertising campaign to enlarge the demand for fish products, both in Canada and in the United States—where three-quarters of the production is sold. With a constantly increasing demand there would then be markets available for a further expanding production at prices which would mean steadily increasing incomes to the primary producers, who by tradition and choice follow this hazardous occupation.

Since so many of our fishermen have been encouraged to use modern long-liners and draggers a situation has developed in which there is greater need than ever before for an improved deep-sea protection service. The views of the present Government regarding the establishment of a full-fledged coast guard service have been clearly stated and are well known, disappointing as they may be to those who advocated such a service. There remain, however, opportunities for much improvement in this field, to add to the great improvement made since the war through the addition of air force personnel and equipment, and a communications system. There are many who believe that a great opportunity for improvement lies in a new concept of the design and use of fishery patrol vessels which now appear to be solely concerned with the policing of lobster fishing regulations. It has been demonstrated on most parts of the coast, and particularly in my own section of Nova Scotian coastline, that fishery patrol vessels should play a minor role in the enforcement of fishery regulations, and that they can be released for the protection of the lives, boats and equipment of the deep sea fishermen themselves.

Honourable senators may recall that in the Speech from the Throne which opened the pre-election session of 1957-58 a specific reference was made to the Atlantic provinces. I will quote from page 4 of the Senate *Hansard* of October 14, 1957:

> As an immediate start upon a program of more extensive development in the Atlantic provinces,—

Then the Speech went on to refer to the thermal power legislation and to the financing of the Beechwood project.

Now, I have referred to the lack of effect of the thermal power legislation. With regard to Beechwood, how much better off the province of New Brunswick would have been if at the time the power development was under construction they had done their own financing. There have been two results of federal participation in Beechwood:

First, instead of a long-term low interest financing the Power Commission of that province has a short-term higher interest loan from the federal Government.

Secondly, federal funds are being used in the development of power which is being exported to the United States.

I must say, however, that the paragraph in the Speech from the Throne in the fall of 1957 led the people to believe that far greater benefits were to be received, and it had its effect on the political fortunes of the Conservative party in those provinces. The Government should now be reminded of the opening words of that paragraph:

> As an immediate start upon a program of extensive development in the Atlantic provinces—

I must say it is a great disappointment and disillusionment to find not a single reference to the problems of the Atlantic regions in the Speech from the Throne under discussion here today. But, of course, there is no election in the offing.

Honourable senators, in this period of recession, which has been accompanied by grave unemployment in the Atlantic area far worse than the national average, this is the time for the Government of the day to take bold and extraordinary steps to improve the economy in this region of Canada.

The solution of the economic problems of the Atlantic region requires the application of a new policy concept which would finally result in the provision of job opportunities

for the present and future generations of the people who are born in and choose to remain in those beautiful provinces.

This, surely, is the time to make available for the people of the area the large military market potential located in the Atlantic provinces, wherever there is no serious national disadvantage, by establishing regional priorities for defence production contracts, as well as for other Government purchasing.

This is the time for the application of new policies which would encourage private capital investment in these provinces, one of our greatest needs, by the creation of advantageous conditions by way of special depreciation and other taxation concessions to apply not only to new industries but also to the expansion of those already established.

Such policies would certainly encourage acceleration of the expansion of the forest industries, and particularly with respect to the manufacture of pulp and paper so greatly needed to provide jobs in eastern Nova Scotia, and they would, when added to a new approach in the matter of freight rates on manufactured steel, provide the required encouragement for the expansion of this industry to provide new employment opportunities for those unemployed coal miners who survived the disaster at Springhill, where the prospects are desperate, as well as for those from the Pictou County and Cape Breton mining areas.

This is the time also to put into effect new policies which would provide long-term loans to encourage establishment and expansion of industries in the Atlantic region. I suggest these loans should take the form of equity capital so that in the early years new industry would not be unduly burdened with the necessity of high interest rates and amortization payments. I understand that capital investment by government in depressed areas of the United Kingdom and the United States has taken the form of equity capital with beneficial results.

Governments of earlier days tried to build and weld a nation by devising policies such as were expressed in the Maritime Freight Rates Act, subventions on coal, the Crowsnest Pass Agreement, the transfer payments of the various social security measures, the Dominion-Provincial Tax Agreements and financial assistance to those low income primary producers who work on land and sea. To the extent that nationhood has come to Canada in this stage of our development, these policies of former Governments have contributed greatly to "Political triumph over Geography". It is not enough for a new Conservative Government to coast along on the policies of its predecessors in office; it should devise new policies to take care of the new as well as the old problems of nation building.

On motion of Hon. Mr. Hugessen, debate adjourned.

PRIVATE BILL

WATERLOO MUTUAL INSURANCE COMPANY—SECOND READING

Hon. W. D. Euler moved the second reading of Bill S-5, respecting The Waterloo Mutual Insurance Company.

He said: Honourable senators, the Waterloo Mutual Insurance Company which seeks federal incorporation under this bill is not a new company; in fact, it is one of the earliest companies in this line of business in the whole of Canada. It is also the oldest in the city of Waterloo which, as honourable senators know, is to some extent the centre of the insurance business. That city is the home of not only the Waterloo Mutual, but the Farmers Mutual and great life insurance companies such as the Dominion Life, the Mutual Life of Canada and the Equitable Life. One would naturally expect them to be excellent companies, located as they are in the choicest part of Canada, of which Kitchener and Waterloo are at the very heart.

The Waterloo Mutual Insurance Company was organized almost one hundred years ago, under the statutes of Upper Canada, thus having been established before the province of Ontario as such was formed. The company has carried on a successful business ever since. For the protection of its policy holders it now has a surplus of about $2 million and its premium income is something more than $3 million per annum.

The company has several reasons for desiring federal incorporation. One of them, I presume, is that it will gain some prestige by reason of being federally chartered, especially as most of its competitors now have that standing.

Another reason given me is that it desires to extend its activities beyond the province of Ontario. Of course, this company can operate in the other provinces by obtaining provincial licences to do so, but if it has federal incorporation it will not be necessary to obtain such licences.

There is a third reason, which perhaps I can state more briefly by reading from the brief that was presented to me. The solicitor for the company states:

> Probably, however, the most important reason is due to the fact that many of the life insurance companies and very nearly all of the American life insurance companies taking mortgages here in Ontario refuse to accept the policies of provincially registered companies on their mortgage loans. They more or less take the stand that they are dominion

registered companies and any fire insurance companies insuring buildings on which they make mortgage loans should be also dominion registered and subject to the same inspection. This has cost the company considerable loss of business and cancellation of policies on very good fire insurance risks and has impelled us at this time to take these steps.

I hope that the company's expectations will be fulfilled, but I would like to say to it that federal incorporation will not cure that situation altogether. I speak from some experience in the insurance business. Many loan companies, chiefly trust companies, and perhaps some insurance companies, which make mortgage loans have a preferred list, and when an application for a mortgage loan is made they refuse the loan unless the borrower has insurance with these preferred companies. And here is what I regard as reprehensible: they will put a company on the list if it buys their securities in the form of their debentures. I regard that as an unfair discriminatory piece of business, and I do not hesitate to describe it as a form of legalized blackmail.

Hon. Mr. Brunt: Maybe they should be referred to Mr. MacDonald, to be dealt with under the Combines Act.

Hon. Mr. Euler: I thought this was an appropriate time to make the remark, although I had not intended to do so. It occurs to me that it is a practice which should not be permitted. Companies whose policies are in excellent condition cannot get that business unless they get on the preferred list by buying debentures of these companies.

The Waterloo Mutual Insurance Company is a sound company. I say that, although it is an active and friendly competitor of a company with which I am closely associated. I know its directors personally; they are men of character, ability and good repute, and I see no reason why their request should not be granted.

I spoke this morning to the Superintendent of Insurance, and he has given permission for me to say that he looks upon the bill with entire favour.

If the motion for second reading passes, I shall move that the bill be referred to the Standing Committee on Banking and Commerce, which I understand is the appropriate committee in which to consider a financial measure. Representatives of the company will be present to give further information if desired.

Motion agreed to and bill read second time.

66972-1—6½

REFERRED TO COMMITTEE

On motion of Hon. Mr. Euler, bill referred to Standing Committee on Banking and Commerce.

PRIVATE BILL

CANADIAN MEDICAL ASSOCIATION—
SECOND READING

Hon. Joseph A. Sullivan moved the second reading of Bill S-5, respecting The Canadian Medical Association.

He said: Honourable senators, I am very pleased and happy to have been given the privilege of introducing and explaining this bill respecting the Canadian Medical Association. I am particularly pleased that my distinguished colleague the honourable senator from Medicine Hat (Hon. Mr. Gershaw) joins with me in this presentation. Also, I should like to include the other members of the medical profession in the Senate, namely, the Honourable Senators Grant, Howden, McGrand and Veniot.

Briefly, it might interest honourable senators to hear some of the pertinent facts concerning the Canadian Medical Association. It was founded in Quebec in 1837, its first president was Sir Charles Tupper, and it was incorporated in 1909. Its membership comprises 80 to 85 per cent of the practising medical personnel of Canada, and throughout all these years it has done everything it could to promote the well-being of Canadian citizens.

The bill seeks to repeal sections 2 and 7 of chapter 62 of the Statutes of 1909. The important additions provided by the bill are paragraphs (f) and (g) of the new section 2, which read as follows:

(f) to promote the interests of the members of the association and to act on their behalf in the promotion thereof;

(g) to grant sums of money out of the funds of the association for the furtherance of these objects;

Briefly, provision for a pension scheme came into effect by statute on January 1, 1957, and members of the Canadian Medical Association now desire to obtain those benefits. I refer to section 79B of the Income Tax Act, which section was added by chapter 29 of the Statutes of 1957. My good friend the senator from Mille Isles (Hon. Mr. Monette) brings to my attention the fact that section 10 of the Pension Fund Societies Act, chapter 208 R.S.C. 1952, covers this particular point.

Honourable senators will observe that by the new section 7 we are simply asking that

there be no limitation on the value of land to be held by the association. The act of incorporation limits the amount to $50,000. As a result of increased values of properties and the undertakings that have been carried on by the association, it is now desirable to ask for removal of that limitation.

Honourable senators, I believe I have covered the main points of the bill, which I have attempted to do in simple language, not in legal phraseology or confusing medical terminology.

Hon. Mr. Aseltine: Hear, hear.

Hon. Mr. Sullivan: If the bill receives second reading I will move that it be referred to the Standing Committee on Miscellaneous Private Bills.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Sullivan, bill referred to Standing Committee on Miscellaneous Private Bills.

The Senate adjourned until Tuesday, February 3, at 8 p.m.

APPENDIX

(*See p. 65*)

Extract from United States *Congressional Record* of January 9, 1959

VISIT TO THE SENATE BY MEMBERS OF THE CANADIAN PARLIAMENT

Mr. Aiken: Mr. President, many of us have been looking forward to this day with great pleasure. Senators will recall that on August 8, 1958, the Senate adopted Senate Resolution 359 reading as follows:

Resolved, that the Senate Committee on Foreign Relations shall establish a subcommittee for the purpose of exploring, with appropriate officials of the Government of the United States and with members of the Canadian Parliament, the desirability and feasibility of increased systematic discussion between legislators of the two countries on problems of common concern.

I shall read two sentences from the committee report of Senate Resolution 359 to indicate the motivation behind the resolution:

It was the feeling of the Committee on Foreign Relations that an attempt should be undertaken to strengthen the bonds between the United States and its great neighbor, the Commonwealth of Canada. In these critical times, it is of crucial importance that the friendship and understanding between our nations be deepened in every possible way.

Mr. President, this Senate resolution did not simply happen. For some years members of the Senate Committee on Foreign Relations and of the House Committee on Foreign Affairs have been keenly aware of the special relationship between the United States and Canada and the useful results which might flow from increased contact between legislators of the two countries. In May, 1957 a report by Representative Frank M. Coffin and Representative Brooks Hays suggested that some form of parliamentary consultation between the two countries be established. In a speech at Wesleyan University on June 8, 1958, Prime Minister Diefenbaker referred to this concept. The subject was further discussed last July by the Prime Minister of Canada and the President of the United States.

Pursuant to Senate Resolution 359, I was privileged to be named by Chairman Green of the Committee on Foreign Relations to be the chairman of a liaison committee. My colleagues on that committee are Senators Mansfield, Capehart, and Morse. Last September I went to Ottawa where I was joined by Senator Capehart and we had a preliminary discussion with members of the Canadian Parliament, some of whom are here today. Later in September, Representative Brooks Hays and Representative Frank M. Coffin held similar discussions in Canada. As a result of these discussions it was determined that a delegation of members of the Canadian Parliament would come to Washington at this time. Acting Chairman Morgan of the House Foreign Affairs Committee has appointed a liaison committee composed of Representative Edna F. Kelly, chairman, and Representatives Frank Coffin, Walter H. Judd, and Chester E. Merrow.

Mr. President, this is in brief the background of the introduction which I am about to make. A delegation of most distinguished members of the Canadian Parliament is now with us to continue the consultations begun in Canada last fall. Mr. President, I ask unanimous consent to insert in the Record at this point in my remarks certain biographic information about the Canadian delegation.

There being no objection, the biographic information was ordered to be printed in the Record, as follows:

CANADIAN DELEGATES TO A MEETING WITH REPRESENTATIVES OF THE UNITED STATES SENATE AND HOUSE OF REPRESENTATIVES, IN WASHINGTON, JANUARY 9 AND 10, 1959

FROM THE CANADIAN SENATE

Hon. Mark Robert Drouin, B.A., LL.B., Q.C., Speaker of the Senate: Born October 24, 1903, at Quebec, Que., son of Ulric Francois Drouin and Anita Ross Cote. Educated at Quebec Seminary and Laval University. Barrister Quebec Bar, 1926; Secretary Quebec Bar, 1934; Created K.C., in 1942. Married June 29, 1929, to Jeanne, daughter of Henri Grandbois of Quebec, Que. One daughter: Julie. President of "Le Theatre du Nouveau Monde"; Governor of Dominion Drama Festival; Legal Adviser to Montreal Festival. Director of Thrift Stores Limited. First Vice President Quebec Senior Hockey League, Montreal, 1937-1954. Member: Quebec Garrison Club; Quebec Flying Club; Quebec Nautical; Royal Quebec Golf Club; Quebec Winter Club; Cercle Universitaire; Renaissance Club; Laurentian Fish and Game Club and St. James Club, Montreal. Chairman of the Quebec Conservative Organization, 1949; 1953; 1957. First Vice President, National Progressive Conservative Party of Canada, 1955. Conservative candidate, Quebec East, against the Right Hon. Louis St. Laurent, P.C., 1949. Party Politics, Progressive Conservative. Summoned to the Senate and appointed Speaker, October 4, 1957. Religion, Roman Catholic. Address: 1265 Avenue de Laune, Sillery, Quebec, Que.

Hon. Wm. R. Brunt, B.A., Q.C., of Hanover, Ontario: Born October 24, 1902, at Hanover, Ontario. Son of Ralph Brunt (Irish) and Lyda Berry (English and Irish). Educated at Hanover Public and High Schools, St. Andrew's College, University of Toronto and Osgoode Hall. Degree: B.A. Married June 26, 1930, to Helen, daughter of Mr. and Mrs. William Richardson of Rosetown, Sask. Two children: F. Elizabeth (Mrs. R. D. Carter) and William R., Jr., Barrister and Solicitor. Director: McHaffie-Birge Construction Co., Ltd., Falgar Rental Enterprises, Ltd. Member: Hanover Kinsman Club, Director of Albany Club, Engineers Club of Toronto, a Mason. Summoned to the Senate

of Canada, October 12, 1957. Party Politics: Progressive Conservative. Religion: United Church, Forest Hill. Address: Hanover, Ont.

Hon. Sidney John Smith of Kamloops, British Columbia: Born, September 23, 1892, at Ottawa, Ontario. Son of John Henry Smith, Scotch-Canadian, and Elizabeth Olmstead, Irish-Canadian. Education at Ottawa Public School, Ottawa Collegiate, and Regina Collegiate. Married November 26, 1914, to Marion Shelburn, daughter of Ulysses G. Holloway of Minnesota, U.S.A. Four children: F/O Wm. F., RCAF, killed in action in 1944, Patricia (Mrs. W. L. Portman), Gordon E., and H. Maxwell. Farmer and automobile dealer. President: Syd. Smith, Ltd., Syd. Smith, U. Drive, Ltd., Union Discount Co., Ltd., Sudmar Estates, Ltd., Highway Equipment Co., Ltd., Tongo Mining Co., Ltd. Director: Kamloops United Dairies, Ltd., Campbell Creek Hop Plantations, Ltd. Alderman and mayor, Gull Lake, Saskatchewan, 1921-25; inspector, Saskatchewan Farm Loan Board, 1934-37; past president, Saskatchewan Motor Club, 1930-31; member, British Columbia Government Tourist Council, 1942-49; chairman, British Columbia Government Hospital Insurance Inquiry Board, 1951-52; past president, Kamloops Board of Trade; Rotary Club, Shrine Club, A.F. & A.M., B.P.O.E.; elder, Kamloops United Church. President, British Columbia Liberal Association, 1953 to date. Was candidate in Saskatchewan general election, 1933, and defeated. Elected to British Columbia Legislature at general election, 1949. Defeated in 1952. Summoned to the Senate, January 3, 1957. Party politics, Liberal. Religion, United Church of Christ. Address: "Sydmar," Kamloops, British Columbia.

FROM THE CANADIAN HOUSE OF COMMONS

Hon. Roland Michener, Q.C., M.A., B.C.L., Speaker of the House of Commons: Born April 19, 1900, at Lacombe, Alberta. Son of late Senator Edward Michener and Mary Edith Roland, both Canadian. Education, University of Alberta, Oxford, and Middle Temple. Degrees: B.A. (Alberta), M.A. and B.C.L. (Oxon), LL.D. (honorary), Ottawa. Barrister, Middle Temple (England), 1923; Ontario, 1924; K.C., 1943. Married to Norah E., daughter of Robert Willis of Manitoba. Three children: Joan (married to Donald Rohr, professor), Diana, and Wendy (married to Leslie G. Lawrence), barrister. Practicing lawyer in Toronto from 1924 to 1957, with Lang, Michener & Cranston. Served with R.A.F., 1918. General Secretary for Canada for the Rhodes Scholarships, 1936 to date. Governor of Toronto Western Hospital. Member: University and Albany Clubs. First elected to Ontario Legislature at general election, 1945, Progressive-Conservative. Appointed Provincial Secretary and Registrar, 1946-48. Progressive-Conservative candidate, 1949. First elected to House of Commons at general election, August 10, 1953. Reelected general election, June 10, 1957. Elected Speaker of House of Commons, October 14, 1957. Religion, Anglican. Address: House of Commons, Ottawa; resident, 5 Rosedale Road, Toronto 5, Ontario.

Hon. Lionel Chevrier, Q.C., P.C., Member for Montreal-Laurier: Born April 2, 1903, at Cornwall. Son of Joseph Elphege Chevrier and Malvina De-Repentigny, deceased. Educated at Primary School, Cornwall, Cornwall College Institute, Ottawa University, and Osgoode Hall. Degrees: B.A., Ph.B. (Ottawa), LL.D. (Hon.) Ottawa University, 1946, Laval University, 1952, Queen's University, 1956. Called to the Bar of Ontario, 1928. Appointed K.C., 1938. Called to the Bar of Quebec, 1957. Member of firm Geoffrion & Prud'homme, Montreal. Married October 22, 1932, to Lucienne, daughter of Thomas J. Brule, of Ottawa. Six children: Lucie (Mrs. Pierre Thomas), Robert, Jean, Bernard, Adele, and Marie. A Barrister. Member of Country Club, Aylmer, Quebec, Rideau Club, Ottawa, Reform Club, Montreal, Phi Delta Phi Legal Fraternity. Secretary, Board of Trade, Cornwall (1928-34). Hon. Col. S.D. and G. Highlanders. Appointed Department Chief Government Whip, 1940, Chairman, Special Parliamentary Subcommittee on War Expenditures, 1942. Delegate Empire Parliamentary Association, Washington 1943. Appointed Parliamentary Assistant to the Minister of Munitions and Supply, 1943. Delegate, Bretton Woods Conference, 1945. Sworn of the Privy Council and appointed Minister of Transport in Mr. King's Cabinet, April 1945. Chairman Canadian Delegation to U.N. General Assembly, Paris, 1948. Reappointed Minister of Transport in Rt. Hon. L. S. St. Laurent's Cabinet, November 15, 1948. First elected to House of Commons at general election 1935 for the constituency of Stormont. Reelected general election, 1940, 1945, 1949, and 1953. Resigned as Minister of Transport when appointed President of the St. Lawrence Seaway Authority, July 1, 1954. Appointed President of the Privy Council April 25, 1957, in Rt. Hon. L.S. St. Laurent's Cabinet. Reelected to House of Commons, general election June 10, 1957, for the constituency of Laurier. Party politics, Liberal. Religion, Catholic. Address: 1200 St. Alexander Street, Montreal, Quebec, and 5 Linden Terrace, Ottawa, Ontario.

Hazen Robert Argue, B.S.C., Member for Assiniboia: Born January 6, 1921. Son of Howard B. Argue and Legia Scharf, both of Irish descent. Family came to Canada in 1821. Educated at Avonlea Public and High Schools, and University of Saskatchewan. Degree of Bachelor of Science in Agriculture. Married July 24, 1945, to Jean, daughter of Arcade Ignatescu, of Kayville. A farmer. Graduated with distinction. Specializing in farm management. First elected to the House of Commons at general election 1945. Reelected at general election, 1949, 1953, and June 10, 1957. Party politics: CCF. Religion U.C. of Canada. Address: Kayville, Saskatchewan.

William Limburg Houck, Member for Niagara Falls: Born May 10, 1893, at Buffalo, N.Y. Son of William Houck and Mary Limburg, both American. Came to Canada 1915. Naturalized 1926. Educated at Lafayette High School, Buffalo, N.Y., and Cornell University, Ithaca, N.Y., Degree: Bachelor of science. Married February 1, 1917, to Rae, daughter of John McPherson, of Ailsa Craig, Ontario. One daughter, Dorothy Louise (Mrs. Boyd Slemon). Fuel dealer. Mayor of Niagara Falls 1946-49. Vice chairman H.E.P.C., 1937-43. Member Erie Downs Golf Club, Cherry Hill Golf Club, Niagara-on-the-Lake Golf Club, senior and junior chambers of commerce, Niagara Falls, Lions Club, Canada Club, Niagara Falls. First elected to Ontario Legislature at general election 1934; reelected at general election 1937. Appointed Minister Without Portfolio in Mr. Hepburn's Cabinet, October 1937-43. Defeated in 1943-45. Reelected at general election 1948 and 1951. First elected to House of Commons at general election, August 10, 1953. Reelected at general election, June 10, 1957. Party politics, Liberal. Religion, United Church. Address, 2140 Culp Street, Niagara Falls, Ontario, and Chateau Laurier Hotel, Ottawa, Ontario.

Erick Nielsen, Member for Yukon: First elected to House of Commons at a by-election December 16, 1957. Party politics, Progressive Conservative. Address, Whitehorse, Yukon Territory.

Richard Devere Thrasher, Member for Essex South: Born March 5, 1922, at Amherstburg, Ontario. Son of Charles D. Thrasher (English-Scotch) and Irene Agnes Richard (French). Educated at elementary schools, Amherstburg, Ontario. Degree: Bachelor of arts, University of Western Ontario. Married, November 23, 1940, to Norma Jean,

daughter of Francis Edwin Whittal, of Amherstburg, Ontario. Five children: Linda Jeanne, Heather Ann, Richard Devere, Jr., Bradley James, Daniel Edwin. Barrister and solicitor. Assistant Crown Attorney County of Essex, September 1954 to September 1956. Flying officer, R.C.A.F., World War II. Director, Catholic Family Service Bureau, Windsor. Director, Essex County Automobile Club. Member Canadian Legion. First elected to House of Commons at general election June 10, 1957. Party politics, Progressive Conservative. Religion, Roman Catholic. Address: Business, Canada Building, Windsor, Ontario; resident, Box 418, Amhertsburg, Ontario.

Mr. Aiken: Mr. President, it is indeed a high privilege to present to this body the Speaker of the Senate of Canada, the Honourable Mark Drouin. (Applause, Senators rising.)

Mr. President, it is also a high privilege to present to the Senate the Speaker of the House of Commons of Canada, the Honourable Roland Michener. (Applause, Senators rising.)

Speaker Drouin is accompanied by two of his colleagues, the Honourable Sydney John Smith and the Honourable William R. Brunt. (Applause, Senators rising.)

Speaker Michener of the House of Commons is accompanied by five of his colleagues, the Honourable Lionel Chevrier, the Honourable Hazen Argue, the Honourable William L. Houck, the Honourable Richard D. Thrasher, and the Honourable Erik Nielsen. (Applause, Senators rising.)

Mr. President, if the rules of the Senate permitted it, I would call attention to the fact that the wives of seven members of the Canadian delegation and the daughter of one member are in the gallery. (Applause.)

Mr. President, I know that other Members of the Senate wish to pay their respects to our distinguished guests. I am happy to yield at this time for that purpose; and after they leave the floor, they will go to the office of the Vice-President, where other Senators may meet them.

Mr. Capehart: Mr. President—

Mr. Johnson of Texas: Mr. President, before I yield to my delightful friend, the Senator from Indiana, I wish to commend the Senator from Vermont for bringing into the Chamber these very able and distinguished Canadian neighbours of ours. There is no nation for which we have more love or affection, and we are pleased beyond compare that they are here to visit with us. I look forward with great anticipation to meeting them in the office of the Vice-President, and listening and learning.

I yield now to my friend, the Senator from Indiana.

Mr. Capehart: Mr. President, last fall I had the pleasure and the good fortune of visiting with these gentlemen in Ottawa, along with the Senator from Vermont (Mr. Aiken). I urge all other Members of this body and also all Members of the House of Representatives to visit with these distinguished members of the Canadian Parliament. I do not know how these gentlemen could have been any nicer to us than they were. If my colleagues want to encounter real hospitality and real friendship, I suggest that they visit Canada and these gentlemen.

I say to our distinguished guests that we in the United States need their co-operation and support, and we appreciate their co-operation and support. I hope we can have many meetings similar to the ones Senator Aiken and I enjoyed with them in Ottawa; and I hope that they and all other members of their Parliament will visit us here.

Mr. Dirksen: Mr. President—

Mr. Johnson of Texas: I yield to the Senator from Illinois.

Mr. Dirksen: Mr. President, understanding and friendship are a two-way street. Out of friendship comes understanding, and out of understanding comes friendship; and of course, that process makes our relationships so pleasant and makes understanding so very easy.

Of course, our two countries have the common experience of Anglo-Saxon background and a common language; and out of that has come, over a long period of time, the felicity which makes you call us your neighbour, and makes us call you our neighbour.

I am glad you are here; and I believe that from parliamentary meetings such as this one and the one I enjoyed attending in Europe so recently, there comes better understanding which advances the whole cause of progress. So I am delighted to see you here.

Mr. Langer: Mr. President, will the Senator from Texas yield to me?

Mr. Johnson of Texas: I yield to the distinguished Senator from North Dakota.

Mr. Langer: Mr. President, I wish to say to our distinguished guests and friends that I am their neighbour; I live in North Dakota. I have had many delightful experiences in meeting citizens of Canada who have visited North Dakota.

Of course, I, in turn, like to visit Canada, both to enjoy my experiences there and meetings with its fine citizens and to enjoy the fishing. In addition, we have the benefit of the great Peace Garden.

I want to compliment our distinguished visitors for the fine way their Government treated the farmers of Canada after World War I. Within a year Canada canceled every

seed and feed loan. But in North Dakota alone there were 34,000 farmers; and today our Government still is charging 4,000 of them 6 per cent interest a year, and the result is that the interest amounts to a great deal more than the principal.

So when we meet in the Peace Garden and when our farmers join your farmers in celebrating, our farmers are very much distressed to find that they have not received from their Government the fine treatment that your Government has given to the farmers of Canada.

I join my colleagues in bidding you welcome. It is most delightful and indeed a very great pleasure to see you here.

Mr. Morse: Mr. President—

Mr. Johnson of Texas: Mr. President, I yield to my distinguished friend, the Senator from Oregon, who is member of the Foreign Relations Committee.

Mr. Morse: Mr. President, I wish to say to our Canadian friends that I have the privilege of serving under the leadership of Senator Aiken, who is chairman of our so-called Canadian Subcommittee of the Foreign Relations Committee, of which the Senator from Indiana (Mr. Capehart) is also a member; and then I have the privilege of having them serve with me in my capacity as chairman of the Subcommittee on Latin-American Affairs.

The message I would leave with our distinguished Canadian brothers is that in my opinion we have a comity of interest and obligations in respect to Latin America. I have said at meetings of the Foreign Relations Committee, and I wish to say now to our distinguished guests, that in my judgment Canada and the United States should proceed as brothers in the attempt to solve the relationships with Latin America, to the end that they may be improved and that there will be a better understanding throughout Latin America in regard to her two northern neighbours.

My conversations with members of the Canadian Parliament in the past lead me to believe that you gentlemen share that point of view. Therefore, in my capacity as a member of Senator Aiken's subcommittee and as chairman of the Latin-American Subcommittee. I invite you to join with us in a partnership arrangement, to the end that we may strengthen the policies toward Latin America on the part of both Canada and the United States.

Mr. Javits: Mr. President—

Mr. Johnson of Texas: I yield to my friend, the Senator from New York.

Mr. Javits: Mr. President, I, too, would like to join my distinguished colleagues in a word of welcome to our dear friends, these distinguished Members of the Parliament of Canada. I represent in part the State of New York, a State with which they have many important relationships, both in the economic field, in social terms, and in governmental matters. I hazard the guess that they visit my State perhaps more than any other State in our Nation.

Of course Canadians are always very welcome in New York, as they know. We count them as brothers, and we mean that very literally. Furthermore, the State of New York prides itself on its economic relations with Canada. Canada joins us in connection with the St. Lawrence Seaway and in connection with the use of the waters of the Niagara River and its tremendous power development and the great community of interest that exists between us.

I think I speak advisedly when I say that today our new Governor, Nelson Rockefeller, has very close to his heart the entire matter of United States-Canadian relations, particularly in terms of the interests of our own State; and as these gentlemen have experienced with our Governors prior to Governor Rockefeller, I believe they will find a welcome hand, a warm understanding, and a spirit of great cooperation added to a spirit of new enterprise in terms of the government of the State of New York. I know I certainly bespeak the views of my colleague from New York, who does not happen to be on the floor at the moment.

Mr. Mansfield: Mr. President—

Mr. Johnson of Texas: I yield to my friend from Montana.

Mr. Mansfield: Mr. President, I wish to join my colleagues in welcoming our neighbours from across the border, members of the Parliament of Canada.

Because I represent, in part, the State which has perhaps the closest contact with the most Canadian provinces, since Montana borders on British Columbia, Alberta, and Saskatchewan, and because I know something about the many problems which sometimes cause us trouble and difficulty, but never divide us, I am delighted that these members of the Canadian Parliament are here to visit with us, to discuss these difficulties, and to arrive at common understandings.

I wish to commend the distinguished Senator from Vermont (Mr. Aiken) for taking the initiative in the establishment of this interparliamentary group, so to speak, and I wish to point out that he got the idea from Premier Diefenbaker, who, while visiting

Trinity College, in Connecticut, made a speech to the effect that a liaison group of this kind would be in the best possible interest of both countries.

So I am delighted that these gentlemen are here. I hope this meeting is only the beginning of many similar meetings in the future; and I know that from them will come a better understanding, a better feeling, and an accentuation of the good will which has marked the relationships between our two countries, not only since both of our countries became independent, but even before then.

Mr. Humphrey: Mr. President, will the Senator from Texas yield to me?

Mr. Johnson of Texas: I yield to my friend, the Senator from Minnesota.

Mr. Humphrey: Mr. President, I wish to join my colleagues today in extending the warm hand of friendship and welcome to these distinguished members of the Parliament of Canada.

It is my privilege to represent, in part, in this body the great State of Minnesota. Of course, Minnesota joints territorially and geographically the great country of Canada; and our relationships are cordial, friendly, and, indeed, helpful to both areas.

Likewise, we are at the end of the great St. Lawrence Seaway. So that our relationships in the area of commerce with Canada are closer than ever. Many people from Minneapolis and St. Paul travel to Winnipeg, Canada, and many persons from Winnipeg come to the Twin Cities.

When I was mayor of Minneapolis, I visited Winnipeg, and the mayor of Winnipeg came to our area. Those relationships are very happy memories. But I believe now, as has been suggested today, we would do well to talk of the future, and resolve to solve our problems as good friends do, respecting the rights of each other, and making such accommodations as will provide for unity through understanding and mutual respect.

I join with the Senator from Vermont (Mr. Aiken), and wish to commend him upon his worthy endeavors and leadership in establishing, on our part, this very fine example of cooperation between two great countries. I am looking forward to the coming days when we can be together again.

Mr. Case of South Dakota: Mr. President, will the Senator from Texas yield to me?

Mr. Johnson of Texas: I yield to the Senator from South Dakota.

Mr. Case of South Dakota: I think probably I am one of the very few Members of the U.S. Senate who found it convenient and desirable to go home last August by way of Canada. I live in South Dakota, but I went to New England, and, from Lake Champlain, went to Canada. I visited Ottawa, and saw the Government House, and some of the very fine and outstanding buildings there. In fact, it was my thought at the time that Ottawa was splendidly equipped to be the scene of international conferences and international groups, as it has been in the past. I am sure it will be in the future.

From there I went north, to Algonquin Provincial Park. I may say to my colleague from North Dakota that I saw a shorthorn cow which I thought was the largest cow I had ever seen. [Laughter.]

I have a picture of it. I am exhibiting it to my friends in South Dakota and saying, "Take a look at that, and do your best." We spent a few days at Huntsville, in the beautiful lake country of that area. It is magnificent. I was proud that it was a part of a country that is our friend, Canada.

You are most welcome here. I hope some of you will visit us in South Dakota.

Mr. Yarborough: Mr. President, will the Senator yield to me?

Mr. Johnson of Texas: I yield to my colleague.

Mr. Yarborough: Mr. President, as one of the representatives in the Senate from the State of Texas and as a member of the Senate Interstate and Foreign Commerce Committee, I want to join in these words of welcome to our friends, the members of the Canadian Parliament with us in the Senate today. The Senate Interstate and Foreign Commerce Committee has no jurisdiction over legislation dealing with foreign relations but does have jurisdiction over laws relating to foreign commerce.

In the last session we had the privilege of passing two bills which furthered commerce between Canada and the United States. One of those bills extended the time during which a Canadian-owned steamship line may serve the 49th State by furnishing service between Alaska and the other 48 States. I think it is an anomaly that the only regular steamship service between Alaska and the other 48 States is furnished by a Canadian steamship line.

Many citizens from my State have been to Alaska. The only way they can get to Alaska overland is by going through Canada over the Alcan Highway. The only transportation ties between our old 48 States and the new 49th State by land or water have been by Canadian aid, either through using Canadian steamship service, or overland, across Canada itself. Such transportation bridge between our newest State, Alaska, and the older 48 States across the Dominion

of Canada, serve to strengthen the ties of commerce and bonds of friendship that link our two nations and peoples.

In the last session of the Congress there also was passed a bill which permitted foreign-owned vessels—British and Canadian owned barges primarily—to use the inland waterways of the United States. Such laws deal with commerce, and not with treaties. They deal with people-to-people relations, further promoting the commercial relations of our two nations.

There is another phase of this subject in which our people are directly interested, and that is gas and oil lines from the great reserves in Canada to markets in the United States. More gas and oil pipelines have been projected.

Our friends will recall that during the dark days of World War II our war effort was crippled by the fact that so many ships were sunk by German submarines. The enemy at that time had only about one-eighth the number of submarines now possessed by countries behind the Iron Curtain.

In the event another such tragedy should befall us, the oil and gas pipelines which link these energy reserves with the industrial centers of our two nations would provide the means of furnishing fuel and energy to both of our countries, to help us survive in any assault which might possibly be made against us.

We want our Canadian friends to know we are appreciative of their co-operation. You have permitted the building of the DEW line, the radar observation chain, in your northern territories, so that the first warning of attack on the United States or Canada will come from your territory. We are grateful to you for the great friendship and co-operation of your people in these endeavours.

I am glad to help welcome you to the floor of the U.S. Senate.

Mr. Cotton: Mr. President, will the Senator yield to me?

Mr. Johnson of Texas: I yield to the Senator from New Hampshire.

Mr. Cotton: As a representative of a State, New Hampshire, which is a neighbour of Canada, on behalf of Senator Bridges and myself I want to express my sincere sympathy for your having had to listen to me and to other Senators in bidding you welcome.

Mr. Lausche: Mr. President, will the Senator from Texas yield to me?

Mr. Johnson of Texas: I yield to the Senator from Ohio.

Mr. Lausche: As the senior Senator from the State of Ohio, which is in physical contact with Canada except for Lake Erie, I wish to extend a welcome to you in your visit to the United States. I believe I speak the will of the people of Ohio when I say to you we have recognized the mutual interdependence which exists between Canada and the United States.

I feel positive that the people of Ohio recognize that the things which hurt Canada will eventually hurt Ohio. We believe that as Canada grows stronger, the United States will grow stronger. We believe that if we grow weak, Canada will inevitably grow weak. We are neighbours standing shoulder to shoulder, lifted and dropped by every good thing or every bad thing that affects us.

As a Member of the Senate, I should like to say to you that in my approach to my responsibilities with respect to Canada, I will constantly have in mind that anything imprudent which I did, prejudicially affecting your Dominion, inevitably will affect my Nation. I think I speak the thinking and the will of the citizens of Ohio when I deliver that message to you.

Mr. Wiley: Mr. President, will the Senator from Texas yield?

Mr. Johnson of Texas: I yield to the Senator from Wisconsin.

Mr. Wiley: My friends from Canada, as a representative of a State bordering on Lake Superior, a large part of which provides the southern line of Canada, and speaking also on behalf of the Senator who now occupies the Chair, the junior Senator from the State of Wisconsin (Mr. Proxmire), I bid you welcome. It is good to see some old acquaintances in this delegation, friends I made in connection with meetings of those interested in the St. Lawrence development. One I knew when attending sessions of the United Nations.

Canada has been of interest to me from the days when I was a boy and read the story of Evangeline. As I grew into manhood, I visited the cities of Quebec and Montreal. I travelled through the lake country and across the continent on the Canadian Pacific, up to Lake Louise and Banff, and on to the west coast. It seemed to me that God Almighty had created this continent to be one geographically, to be one in its political approaches, although our Governments were separate as nations, one in the religious approach of our people, and one in the economic approach to domestic and world problems.

I think it is a wonderful thing, gentlemen, that this exchange of members of parliamentary bodies has gotten underway to such a point that groups such as yours, who really are the ambassadors of good thinking and good living, visit their neighbours. It makes for the constructive building up of relationships in every direction. We welcome you, and may you begin today to have the time of your lives in the good old U.S.A.

Mr. Thurmond: Mr. President, will the Senator yield?

Mr. Johnson of Texas: I yield to the Senator from South Carolina.

Mr. Thurmond: I thank the Senator from Texas.

Mr. President, since I come from one of the States of the far South, South Carolina, I take this opportunity to extend the glad hand of welcome to these distinguished gentlemen from the far North, from the great Republic of Canada.

Mr. Saltonstall: Mr. President, will the Senator yield?

Mr. Johnson of Texas: I yield to the Senator from Massachusetts.

Mr. Saltonstall: I may say to you gentlemen from Canada that I come from Massachusetts. I was in Ottawa when the idea was first fostered of the exchange of greetings between members of the Parliament of Canada and ourselves. As a Massachusetts Senator, knowing that many good Canadians are in Massachusetts and that they generally vote Republican, I am very glad to see you here.

Mr. Aiken: Mr. President, I wish to thank the majority leader, the Senator from Texas, for yielding the time for the paying of tributes by the Members of our body to our Canadian friends who are visiting us today. I think this is a great day for the United States and for Canada. As I stated earlier, our friends will be in the Vice President's room for a short time, where they will be glad to meet any Members of the Senate. I hope all those who have not spoken, at least, as well as all those who have spoken, will meet our friends personally.

THE SENATE

Tuesday, February 3, 1959

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

Prayers.

SENATE ACCOUNTS

TABLED—REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that, in conformity with Rule 103, the Clerk has laid on the Table a detailed statement of his receipts and disbursements since the last audit, together with accounts and vouchers in support thereof.

Ordered: That the said accounts and vouchers be referred to the Standing Committee on Internal Economy and Contingent Accounts.

INTERNAL ECONOMY

REPORT OF CIVIL SERVICE COMMISSION

The Hon. the Speaker: Honourable senators, I have the honour to present the following report from the Civil Service Commission:

January 23, 1959

To the Honourable the Members of the Senate:

The Civil Service Commission, at the request of the Senate, and in accordance with the provisions of sections 60 and 62 of the Civil Service Act, has the honour to submit the following report for approval:

It is recommended that position SC-A-43, Parliamentary Reporter, Senate, be exempted from section 12 of the act in order to permit the appointment of George R. Baker at a salary rate of $6,660 per annum, effective from the date he reports for duty, such exemption to apply only to the appointment of Mr. Baker, but that the position in all other respects be subject to the provisions of the Civil Service Act.

Attached hereto is a copy of a report in connection with the above.

Paul Pelletier, Commissioner.

Respectfully submitted:

Mark R. Drouin, Speaker of the Senate.

REFERRED TO COMMITTEE

Hon. W. M. Aseltine, with leave of the Senate, moved:

That the report of the Civil Service Commission of Canada be referred to the Standing Committee on Internal Economy and Contingent Accounts for consideration and report.

Motion agreed to.

CANADIAN BROADCASTING CORPORATION

PRODUCERS' STRIKE—PRESS COMMENT ON INQUIRIES

(Translation):

Hon. Jean-François Pouliot: Honourable senators, I trust I may be allowed, not to raise a question of privilege, but to give a personal explanation.

A newspaperman wrote, in the Saturday edition of *Le Devoir*, that "I amuse myself in guiding public opinion in the wrong direction" and that the questions placed on today's Order Paper especially show up my ignorance concerning the C.B.C. producers' and artists' strike. He claims that I am not aware of what is going on down there. That, I admit, is true. As a matter of fact, it is one of the greatest truisms he ever wrote because, if I made an inquiry, it was evidently to obtain information.

Now, no one from any newspaper is going to dictate to me the policy I should follow. In this Chamber, like my colleagues, I consider each question on its merits. I have a duty to fulfil and I do the best I can.

I can quite understand that this newspaperman, who probably belongs to the producers' group, should know a great deal more than I do about the strike. We would all be very grateful to him if he would lead us into the wonderland of the C.B.C. artists' and producers' mutual admiration society, where we could no doubt find matter for many more questions.

It seems that one day a barber became a C.B.C. producer. He was greeted with the following words: "You are quite welcome because most of us are 'bores' anyway". (*Untranslatable pun on the word "raseur" (bore).*

(Text):

DOCUMENTS TABLED

Hon. Mr. Aseltine: Honourable senators, I table the following documents:

Public Accounts of Canada, Volume I, for the fiscal year ended March 31, 1958, and report of the Auditor General for the fiscal year ended March 31, 1958, pursuant to sections 64(1) and 70(2) of the Financial Administration Act, Chapter 116, R.S. 1952. (English text).

Public Accounts of Canada, Volume II, Financial Statements of Crown Corporations, for the fiscal year ended March 31, 1958, pursuant to section 64(1) of the Financial Administration Act, Chapter 116, R.S. 1952. (English text).

Return of permits issued under the authority of section 8 of the Immigration Act for the period January 1, 1958 to December 31, 1958, pursuant to section 8(5) of the said Act, Chapter 325, R.S. 1952. (English text).

Report of the Department of Agriculture for the fiscal year ended March 31, 1958, pursuant to section 6 of the Department of Agriculture Act, Chapter 66, R.S. 1952. (English text).

The Canada Gazette, Part II, Statutory Orders and Regulations, 1959, of Wednesday, January 28, 1959, under the provisions of section 7 of the Regulations Act, Chapter 235, R.S. 1952. (English and French texts).

Further supplementary estimates (2) for the fiscal year ending March 31, 1959. (English text).

Report of the Unemployment Insurance Commission for the fiscal year ended March 31, 1958,

pursuant to section 95(1) of the Unemployment Insurance Act, Chapter 50 of the Statutes of 1955. (English text).

SUPPLEMENTARY ESTIMATES

Hon. Mr. Macdonald: May I ask the honourable Leader of the Government (Hon. Mr. Aseltine)—probably I should know this without asking him—if the recent Supplementary Estimates have been tabled in this house?

Hon. Mr. Aseltine: I have just tabled them.

Hon. Mr. Macdonald: My second question is: Will he see that all members of this house receive a copy of the Supplementary Estimates?

Hon. Mr. Aseltine: I think copies will be distributed before the bill reaches us.

DIVORCE

PETITIONS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented 18 petitions for divorce.

He said: Honourable senators may be interested to know that the 18 petitions I am presenting this evening bring the total number presented this session to 270.

Hon. Mr. Macdonald: Are we getting near the end?

Hon. Mr. Roebuck: Oh, no. We do not close off the filing of petitions until the 26th of this month.

REPORTS OF COMMITTEE

Hon. Mr. Roebuck presented reports Nos. 27 to 49 of the Standing Committee on Divorce, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

ICE-BREAKING COSTS

INQUIRY AND ANSWER

Hon. Gordon B. Isnor inquired of the Government, pursuant to notice:

1. How many ships belonging to the Government were used in connection with ice-breaking on the St. Lawrence River during the period from November 15th, 1958, to January 15th, 1959?
2. What was the total cost of upkeep and operational expenses of these ships during the above period?
3. How were these expenses charged:
(a) To the National Harbours Board,
(b) To the Port of Montreal,
(c) To the St. Lawrence Seaway Authority, or to some other agency?
4. What, if any, expenses in connection with ice-breaking were incurred at the Port of Halifax, N.S., during the said period?

Hon. W. M. Aseltine: Honourable senators, I have the following answers to the honourable gentleman's questions:

1. The Department used four ships part time in connection with icebreaking on the St. Lawrence River, the *d'Iberville, N. B. McLean, Ernest Lapointe* and *Montcalm.* The *Labrador* was also used for a very short period in the Gulf and River as far as Quebec and the *Edward Cornwallis* was used for a short period to assist ships into Baie de Chaleur and at Rimouski. During this period also in order to provide adequate icebreaking operations in the Maritimes, the heavy icebreaker *N. B. McLean* was sent down to the Maritimes and the shallow draft, lighter *Saurel* was transferred to work in the River.

2. These vessels carry out northern transportation, supply and buoy work, also icebreaking work around Newfoundland, search and rescue work, transportation of passengers, buoy laying, etc., and it is not possible to keep separate costs for any particular item of work. The average monthly operating cost for the year 1957-58 is as follows: (The fiscal year 1958-59 will not be completed until March 31).

d'Iberville	$75,924.23
N. B. McLean	57,822.70
Montcalm	35,811.52
Ernest Lapointe	29,299.60
Edward Cornwallis	34,459.81
Saurel	33,923.67

The *Labrador* only operated for a period of five months and the average monthly cost is $56,671.

3. Expenses are charged to the Department of Transport Vote, "Marine Service Steamers, Administration, Operation and Maintenance".

4. No ice-breaking operations were carried out within the port of Halifax.

CAPITAL PUNISHMENT

INQUIRY AND ANSWER

Hon. Donald Smith inquired of the Government, pursuant to notice:

Since June 1957, in each province:

1. How many persons were convicted of murder and sentenced to death?
2. How many such sentences were appealed to appeal courts within the province or to the Supreme Court of Canada and disposed of?
3. How many death sentences were reviewed by the Government and commuted to life imprisonment?
4. In how many such cases were there recommendations of mercy by the jury?
5. In how many such cases was insanity or intoxication raised as a defence?
6. In those cases commuted to life imprisonment, after what period of time will they be eligible for review and further reduction of term by the Parole Board?

Hon. Mr. Aseltine: Honourable senators, I have the following answer to the honourable gentleman's questions:

Since June 30, 1957—

Questions	1	2	3	4	5
British Columbia	4	1	2	1	1
Alberta	3	0	3	0	2
Saskatchewan	0	0	0	0	0
Manitoba	1	0	1	1	1
Ontario	11	1	7	2	6
Quebec	4	0	2	0	1
Nova Scotia	2	0	2	0	2
New Brunswick	1	0	0	0	0
Prince Edward Island	0	0	0	0	0
Newfoundland	0	0	0	0	0

Question 6. The present rule of practice of the Remission Service will be followed by the Parole Board until appropriate regulations are made under section 7(a) of the Parole Act. The present rule of practice involves periodic reviews of the inmate's case while he is serving his sentence, but before he is eligible to be released on ticket of leave he is ordinarily required to serve fifteen years.

NATIONAL GALLERY

PURCHASES—INQUIRY AND ANSWER

Hon. Jean-François Pouliot inquired of the Government, pursuant to notice:

1. What was the accession No., the medium, the artist, the title, the date of acquisition, the source, and the cost (in Canadian dollars) of each one of the works of art purchased by the National Gallery of Canada, from accession No. 6911 of September 18, 1957 to date?

2. What commissions have been paid for the purchase of each one of the works of art brought by the National Gallery of Canada from accession No. 6327 of May 18, 1955, (pages 529-539 of the Senate *Hansard* of January 28, 1958) to be completed to date, and to whom in each case?

Hon. Mr. Aseltine: Honourable senators, I have answers to the honourable gentleman's questions.

As the answer to the first question is voluminous, I would ask the consent of the house to have it printed as an appendix to today's *Hansard*.

Hon. Senators: Agreed.

See Appendix to today's Hansard, *pp. 99 and 100.*

Hon. Mr. Aseltine: The answer to the second question is: None.

Hon. Mr. Pouliot: Thank you very much.

REPORT OF AUDITOR GENERAL

On the Orders of the Day:

Hon. Mr. Reid: Honourable senators, before the Orders of the Day are proceeded with, I would like to ask a question of the honourable Leader of the Senate (Hon. Mr. Aseltine). A few days ago there appeared in the press some extracts from the report of the Auditor General. May I ask when we may expect to receive a copy of the complete report?

Hon. Mr. Aseltine: Honourable senators, I tabled a copy of the report this evening, and I will inquire as to what can be done about distribution of copies.

HON. GEORGE S. WHITE

FELICITATIONS ON APPOINTMENT AS SPECIAL AMBASSADOR TO VENEZUELA

Hon. W. Ross Macdonald: Honourable senators, over the last weekend I read in the press the very interesting news that the Honourable Senator White had been named a special ambassador to Venezuela, where he will represent Canada at the inauguration of the recently elected president of that country.

Honourable senators, I feel that this is an honour not only to Senator White, but also to the Senate. I am therefore very pleased that the Prime Minister has recognized Senator White and this house in this manner. I am sure Senator White will make an excellent ambassador, and that he will have a very profitable, useful and interesting experience. I extend to him my sincere congratulations.

Hon. W. M. Aseltine: Honourable senators, naturally, I concur in the remarks made by the honourable Leader of the Opposition.

Hon. George S. White: Honourable senators, I would like to thank the Leader of the Opposition (Hon. Mr. Macdonald) and the Leader of the Government (Hon. Mr. Aseltine) for their very kind remarks. I can only say that I will be both proud and happy to represent the Canadian Government at this special event in Caracas on February 13 next.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, January 29, consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Pearson, seconded by Hon. Mr. Choquette, for an Address in reply thereto.

Hon. A. K. Hugessen: Honourable senators, it is with unusual enthusiasm that I open my observations this evening with compliments to the two honourable gentlemen who respectively moved and seconded the Address in reply to the Speech from the Throne. I think we all feel that their speeches were

exceptionally good and exceptionally adequate to the occasion. I was particularly interested in the speech of the honourable senator from Lumsden, Saskatchewan (Hon. Mr. Pearson) when he described so vividly the change that has taken place in the face of the western prairies during the last 70 or 80 years, since the first settlers migrated into that country. I was particularly impressed by this because, as it happens, I had an opportunity personally to observe part of that process. In the first year that I was in Canada, in the spring of 1908, I was sent out on an engineering party which was superintending the construction of the then Grand Trunk Pacific Railway at a point about 20 miles west of Edmonton, close to a little village called Stony Plain. That country had been settled fairly recently. It was settled by people of a large number of races. The farm on which we had our camp was occupied by a French-Canadian; immediately opposite him, on the other side of the road, was a German; and just a little way down the road was a Scotsman. It was in an area which I think is known as the poplar country of Alberta. The soil, perhaps, was not the same as that of the middle prairies, but nevertheless it was good farming land. The settlers were occupying their original houses, the houses they built when they came; the roads were dirt roads—dirt which changed into a particularly oleaginous kind of mud when the rain came. There were no such things as telephones or electric power; and the only communication with the outside world was the little branch line of the then Canadian Northern Railway, which ran from Edmonton to Stony Plain. For a boy of 16, fresh from an English school, the experience was most interesting. I had no occasion to revisit that country until three years ago. The change that has taken place in that interval is really astonishing; it bears out everything that my honourable friend from Saskatchewan has said. I travelled through the country on a beautiful paved highway; the old farm buildings had disappeared and been replaced by new modern structures; electric lights, of course, and telephones were everywhere; and the only things which were virtually the same were the fields; yet even the fields were a little different because, unlike the scenes of my earlier days, in quite a number of fields one could see a little square surrounded by a wooden frame, in the middle of which was an oil derrick. These recollections, as I said, lead me to welcome with a great deal of pleasure the remarks of my honourable friend from Lumsden.

Second, with regard to my honourable friend from Ottawa East (Hon. Mr. Choquette), I can only say that his two speeches, in the French and the English languages, were perfect alike in their form and their presentation. His remarkable performance in this respect led me to wish that more of our English people in Canada were able to emulate his performance of the other day.

I should like to add a few words to sup- and in a position to make a contribution, port the welcome that has been given to our three new senators. I can well understand their feelings. I remember clearly, although it happened quite a number of years ago, my own feelings on first taking my seat in this chamber—the realization that now one was a member of the Parliament of Canada however small, to the working of the parliamentary system in the democratic government which is the system we enjoy. I believe my honourable friends will find—in fact I am sure they have already found—that this is a very friendly body. They will also find that it is a most appreciative one, and that it welcomes the contributions of members from their experience and their wisdom, whether in the debates of this house or in the proceedings of the various committees. I look forward to the contributions which our new members will make in due course to our deliberations.

There is, perhaps, only one thing that I should add, and it is that my honourable friends will find, as with so many things in this life, that they will get out of this house just what they care to put into it. If they attend regularly, if they throw their minds into the common pool and do their best in influencing the judgment of the house on matters on which they have special knowledge, they will have the consciousness of a duty well performed.

I want to say a word to the honourable Leader of the Government (Hon. Mr. Aseltine). I know that I am expressing the feelings of all members on this side of the house when I tell him how very much we appreciate the manner in which he conducts the proceedings of this body. He is unfailingly courteous, he is scrupulously fair, he is possessed of boundless good humour. Anything that he has to present to the Senate he prepares carefully and presents clearly, and if any of us require information he is always only too willing to supply it to us.

Hon. Mr. Pouliot: Hear, hear.

Hon. Mr. Hugessen: I have only one fault to find with my honourable friend the Leader of the Government. Let me put it this way: this, after all, is a political body. It is true that we do not engage in the excessive

partisan proceedings of the other house, but we do have our own strongly held convictions which sometimes differ from those held by members on the other side of the house, and we have necessarily to express them. It is our duty so to do. Now, the fault that I have to find with the honourable Leader of the Government is that it is almost impossible to pick a quarrel with him. I have on occasion carefully prepared and fired across the floor of this house something that I thought was a pretty hot political shot. Well, my honourable friend has received it with a bland smile, with unruffled composure, and has lobbed it back to me over the floor of the chamber, so I have felt my shot was wasted and I have been baffled and frustrated.

I have almost given up hope of piercing through his serene good humour—I say I have almost given up hope, because I am bound to tell him that in dealing with some things this evening I shall have some rather severe comments to make upon the actions of the Government which he supports, and I am still not without hope that I may yet be able to rouse my honourable friend to do battle.

I come now to the Speech from the Throne. It is divided into two parts of very uneven length. The first part deals with international affairs, starting with the forthcoming visit of Her Majesty and Prince Philip, which we all so warmly look forward to. Then it goes on to refer to some of the important international problems of the day. With that part of the Speech I have no quarrel whatsoever. I think, for instance, that its reference to the Berlin situation is wholly admirable.

It is when we come to the second and by far the longer part of the Speech from the Throne, the part dealing with the domestic affairs of the country, that I find I have some criticism to make of this Government. My basic criticism is this. It almost completely ignores what I think is the vital internal problem that confronts the country today, the problem of Government finance and the menace of inflation. I say "almost completely ignores", because it does, it is true, devote one-half sentence to that subject. It is a half sentence buried in a mass of much less important matter. I quote:

> They believe that as recovery proceeds there will be increasing need for care to preserve the stability and purchasing power of our currency.

This sentence is given the same relative importance, apparently, as other statements contained in adjacent parts of the Speech in which, for example, it is suggested that amendments be made to the Seeds Act, and that the Fisheries Improvement Loans Act is to be brought up for review.

Honourable senators, this one trifling sentence contains all, apparently, that the Government has to say about the most difficult and the most dangerous problem that we face today. I propose to review the financial record of the Government since it came into office, and if possible to throw some light upon the results that that record is likely to have in the not too distant future.

As a starting point perhaps I may be allowed to discuss a matter to which I made a brief reference in this house last August, the conversion loan of last July. Let me first outline the situation which existed at that time. There were then five Victory Loans outstanding—the fifth, sixth, seventh, eighth and ninth—and $6,400 million of bonds were outstanding under those five Victory Loans, all bearing interest at 3 per cent per annum. The fifth Victory Loan matured this year, the sixth will mature in 1960, the seventh in 1962, the eighth in 1963, and the ninth not till 1966.

With one or two exceptions that are not pertinent to what I have to say, the holders of these bonds were invited—they were indeed urged—to convert their existing bonds either into 3¼ per cent bonds due 1965, into 4¼ per cent bonds due 1972 or into 4½ per cent due 1983. I have the figures here of the actual conversions effected as of mid-December as supplied by the Bank of Montreal to the Annual Commercial and Financial Supplement of the Montreal *Gazette*. Of the $6,400 million of Victory Loan bonds of these five issues outstanding, $5,800 million have been converted as follows: First, $1,050 million were converted into new 3 per cent bonds, due 1961. That offer was open only, as I recall it, to the holders of the Fifth and Sixth Victory Loans, and does not need to concern us further. Second, $1,265 million were converted into new 3¼ per cent bonds, due 1965. Third, $1,415 million were converted into new 4¼ per cent bonds, due 1972. Fourth, $2,070 million were converted into new 4½ per cent bonds, due 1983.

From those figures it is easy to calculate the increase in the annual interest charge that will be payable by taxpayers of this country. Roughly, it works out as follows: 1½ per cent extra on $2 billion equals $30 million; 1¼ per cent extra on $1½ billion equals $19 million; ¼ per cent extra on $1¼ billion equals $3 million—a total of $52 million a year. To that must be added for the current year $25 million for commissions paid to underwriters and bond houses who participated in distributing this issue to the public and in inducing the public to make the conversion. That was the figure given to us last August by my honourable friend from Hanover (Hon. Mr. Brunt);

plus cash bonuses of a substantial amount offered to holders who converted into the longer term issues; plus an indefinite sum for a high pressure, country-wide campaign by advertisement and radio.

Now, I have no hesitation in expressing the opinion that this whole conversion loan conception was an expensive blunder. It was true that you had your fifth Victory Loan falling due in 1959, and that in dealing with that it was probably also advisable to take into account and deal with the sixth Victory Loan falling due the following year. But why in the world it was thought fit to urge the holders of the seventh, eighth and ninth Victory Loans, which bore interest at only 3 per cent, and did not fall due for four, six and eight years respectively, that it was their patriotic duty to accept new 4¼ per cent or 4½ per cent bonds in place of their 3 per cent bonds, I am unable to conceive. What should have been done, what any normal government or any normal corporation would have done, would have been to wait until a reasonably short time before the maturity date of each of these issues, and then, depending upon market conditions at the time, offer to the holders of that issue a conversion into a new issue, either short or long term, or a combination of the two. What has actually been done by this famous conversion operation is to saddle the country with an increased annual debt charge of $50 million for many years to come, by far the larger part of which was totally unnecessary at this time.

There was one further criticism that I made last summer, and which I now repeat. If it was necessary to offer Government bonds yielding as high a rate as 4½ per cent for as long a term as 25 years, then provision should have been made to allow the Government to redeem the bonds prior to maturity, if necessary at a premium. As it is, they cannot be paid off until they mature in 1983, and all future Governments are condemned to go on paying this high interest rate for the next 25 years, no matter how low interest rates may fall during that period.

There is a previous experience along that line which the Government ought to have borne in mind. In the early 1920's the Canadian National Railways made a number of bond issues guaranteed by the Government for substantial amounts, bearing interest at rates varying between 4½ per cent and 5½ per cent—most of them at five per cent—maturing in 25 or 30 years and not redeemable before maturity. The last of those issues was only paid off two or three years ago. The fact that those bonds were not redeemable was bitterly regretted later on, time and time again, during the intervening years, when interest rates went down to 3 per cent or lower. Those bonds might then have been redeemed and paid off, even at a substantial premium, at a great saving in interest to the Canadian National Railways; but it could not be done; the conditions of the bonds did not permit it. Now this Government has repeated the same mistake with the conversion loan, but on an immensely larger scale.

There is one side result of this conversion loan, an incidental result, perhaps, but a serious one nevertheless. The issue of these conversion loan bonds bearing 4½ per cent interest for 25 years has put a tag of 4½ per cent upon long-term borrowings by the federal Government for years to come. That was done last summer at a time when similar long-term bonds of our provincial governments and municipalities were selling on a basis of around 4½ per cent themselves. The inevitable result has been to raise the cost of borrowed money to our provinces and municipalities for the future.

I want to be perfectly fair, and I will say that in the last six months there has been a general increase in interest rates, part of which would no doubt have taken place whether there had been a conversion loan or not, but there is no doubt whatever that the conversion loan has added to the upward pressure. You can see the result if you look at the financial pages of any newspaper today. Today our provinces and municipalities have to pay higher interest rates for borrowed money than at any time in the last 25 years. Within the last three weeks the provinces of Nova Scotia and New Brunswick have had to raise money on an interest basis of nearly 5½ per cent. Some of the smaller municipalities in Quebec have had to go up to 6 per cent, and the story has been the same for our public utilities. Last December the Bell Telephone Company put out a substantial issue of bonds and they had to offer them at an interest rate higher than it has ever been in the whole history of their company.

That is tight money with a vengeance. Remember, we look to our provinces and our municipalities to provide us with the new roads, new schools, new power plants, and new public conveniences of every kind, which are desperately needed in various parts of the country. Today it is more difficult and more expensive to finance these than at any time in the recent past. We all remember the outcry about the iniquity of tight money that was raised two years ago by the present Minister of Finance at a time when his predecessor, the Honourable Walter Harris, was in office, and when there was a slight stiffening in money rates. I do not propose to quote

the adjectives and epithets hurled at the Honourable Walter Harris at that time, but I do say that the present Government, by its actions in connection with the conversion loan, has contributed by no small extent to tighter money and higher interest rates for our provinces and our municipalities than has been known in the country for many years past.

I repeat, and this summarizes this section of my remarks, that in my opinion the conversion loan was an expensive blunder.

I would like to turn to a general consideration of the problem of public finance as it faces us today. The Minister of Finance estimates that his budget deficit for the current year, the fiscal year ending March 31, will be of the order of $700 million. It is generally admitted, I think, that that estimate is on the low side. Some have estimated it as high as $1,000 million. It certainly will be $1,000 million if you add to the $700 million estimated by the Minister of Finance the more than $200 million which he is taking out of the military equipment fund and which is a non-recurring item that he will never be able to take again. But however you look at it, it will be the largest peacetime budgetary deficit in the history of the country.

It might be interesting to inquire how this deficit has come about. Part of it at least is due to the recession, which we all hope has been temporary, and which now shows encouraging signs of passing away. But there are other parts of it for which this Government is itself directly responsible.

In the first place let me refer to the session of the autumn of 1957, which some of us here remember so well. That was the session in which this Government tried to carry out, inadequately and in part, it is true, the extravagant promises which it had made to the electors in the election of the previous summer. In this house we had to consider measure after measure of what were, to put it bluntly, handouts to various sections of the population. We on this side of the house asked for estimates or a budget showing the cost of these measures and their effect upon the finances of the country, but we were refused. Taken as a whole these measures represent additional annual expenditures of about $200 million.

In the second place, there were the tax reductions of December 1957 which reduced the taxes payable by the people of this country by an estimated total of $200 million for the current year. I suppose that can be set down to another attempt to fulfil election promises.

In the third place, there is the conversion loan, of which I have already spoken. The increased interest charges which that loan has brought about, if only for a part of the current year, plus all the commissions and other expenses, must account for at least another $50 million, and I should not be surprised if the true figure is more like $100 million.

So, to summarize, the three items of the budget deficit for which this Government is directly responsible are: 1. $200 million additional expenditures to redeem election promises; 2. $200 million of tax reductions, also to redeem election promises; 3. Up to $100 million for the conversion loan which it should not have undertaken. The result is the largest peacetime budget deficit in the history of this country.

I am sure that some of my honourable colleagues remember their Dickens, and they will recall the character of Mr. Micawber in *David Copperfield*. It is said, with what truth I do not know, that Dickens drew the character of Micawber from his own father. Mr. Micawber's finances, you will remember, were in a state of disorder. In that respect he reminds me of the present Government. Mr. Micawber was always looking for "something to turn up" to get him out of his difficulties, but even Mr. Micawber had gleams of sober common sense. Let me quote to the house his famous advice to David Copperfield:

> "My other piece of advice, Copperfield," said Mr. Micawber, "you know. Annual income twenty pounds, annual expenditure nineteen, nineteen and six, result happiness; annual income twenty pounds, annual expenditure twenty pounds 0 and six, result misery. The blossom is blighted, the leaf is withered, the God of day goes down upon the dreary scene, and—and in short you are forever floored. As I am!"

Hon. Mr. Thorvaldson: Would the honourable senator permit one question? Is he aware that the United States has been budgeting for a deficit for the last 20 years and there is not very much misery in the United States?

Hon. Mr. Hugessen: I will answer my honourable friend in just a moment. Before doing so I want to direct this piece of elementary wisdom of Mr. Micawber to the attention of the present Government.

My honourable friend from Winnipeg South (Hon. Mr. Thorvaldson) referred to the United States. It is perfectly true that there is a deficit in the United States in the current fiscal year of $12 billion as compared with our $1 billion, but I direct these three facts to the attention of my honourable friend.

First of all, the gross national product of the United States is between 16 and 17 times that of this country, so the United

States is much more able to stand a deficit of $12 billion than we are a deficit of $1 billion.

Hon. Mr. Thorvaldson: Just one and a quarter times as able as we are.

Hon. Mr. Hugessen: Will my honourable friend permit me to continue?

The second thing is that the Government of the United States, realizing the seriousness of the situation, has produced a budget for the coming year which they expect to be in balance.

And the third thing I want to tell my honourable friend is this: when he compares the budget of this country with that of the United States he must bear in mind that as my honourable friend from Hanover (Hon. Mr. Brunt) said last week, over 50 per cent of the budget of the United States goes in defence—in the defence of this country, of the United States and all members of the free world, against communist aggression.

Hon. Mr. Thorvaldson: That, of course, has nothing to do with what you are stating.

Hon. Mr. Hugessen: If my honourable friend wishes to compare the budget of Canada with that of the United States, and if we were spending proportionately the same amount of defence that the United States is spending, our budget deficit this year would be $2,000 million rather than $1,000 million. I suggest that my honourable friend reflect on those facts.

What is the actual financial situation in which the Government finds itself today? There is a deficit for the current year ending March 31 of anything up to $1,000 million.

The Canada Tax Foundation, of which my honourable friend from Winnipeg-South is a very prominent member—I think in fact he was president of it, was he not?—estimates that the deficit for the next financial year will be at least $1,000 million. It further estimates that if present policies continue there is no prospect of a balanced budget for years to come.

Two things are perfectly clear: First—and here I speak with some personal knowledge—the financial community has become profoundly disturbed at the position that is developing; and, second, the bond buyers of Canada are becoming more and more reluctant to buy the bonds of the Government of Canada. My leader (Hon. Mr. Macdonald) referred to that fact in his speech a few days ago, but I propose to develop it a little further.

I would like honourable senators to take a look with me at the three public financing operations which this Government has undertaken during the last six months, apart from the last issue of Canada savings bonds in the fall of last year. I have already mentioned the conversion loan. What has happened to the holders of Victory Bonds who, at the urging of the Government, have converted their 3 per cent bonds at par into new bonds bearing interest at 4¼ or 4½ per cent? Within a few weeks the market value of these new bonds dropped from par to as low as 94. Currently they are quoted at about 95 to 96. The holders of these new bonds have suffered in these few months a capital loss of $175 million.

The second piece of public financing was a short-term loan for $600 million of one- and two-year bonds, brought out in September; $400 million of that loan was a refunding operation and $200 million was new money. The only thing worthy of note about that issue was that as soon as it had been brought out the market price of the bonds fell to a discount from the price at which they had been sold, and has remained at a discount ever since.

The third piece of public financing was an offering of $400 million of bonds later in December as follows: $300 million of one-year bonds bearing interest at 3 per cent per annum; and $100 million of four-year bonds, bearing interest at 4 per cent per annum. The history of this last offering is really quite instructive. First, there was the usual misleading announcement by the Minister of Finance, that the loan was a brilliant success; second, the market quotations for the bonds immediately dropped from the price at which they had been offered, and has remained steadily at a discount ever since; and third, the banks and finance houses which had underwritten the issue found that the bonds were left on their hands. The public showed great reluctance to buy them, and it took weeks before they could be disposed of to permanent investors; in fact, I doubt whether that process is finished yet. For a loan issued by the Dominion Government, that is a quite unheard-of thing.

That is the history of the last three issues of Government bonds made during the past six months. To say the least, it is not encouraging. What inducement has a man to invest in a new Government bond issue when he is as certain as he can be that his bond will fall to a discount immediately after he invests his money?

It is common knowledge that the Government will have to raise many hundreds of millions of new money during the next few months to cover its deficit and to meet its other obligations. The question is, in the light of this history that I have mentioned, how is it going to do it?

In the light of that history, and as the market stands today, I venture the statement that the Government cannot go into the market to borrow the savings of the people today unless it offers interest rates substantially higher than any it has offered before, and that will have the effect of raising general money rates even higher than they are at the present.

Well, if the Government cannot borrow the savings of the people, what is the alternative? The Government has to pay its bills; it has to raise money by some means or other. When tax revenues are insufficient, as they are, and when the public refuses to lend its savings by buying Government bonds, there is only one alternative. That alternative is easy, but dangerous. The Government gets the money out of the banking system. It issues its bonds or notes to the Bank of Canada or to one of the chartered banks, and has that bank credit its account accordingly, against which it can draw cheques to cover its expenses. It creates credit for itself out of thin air, just as if a man without a cent to his name wrote a cheque in his own favour for $1,000, took it to the nearest bank, got the bank to credit him with the amount, and proceeded to draw cheques against it. It is as simple as that.

That, honourable senators, is the historic road to inflation. Surely I do not need to enlarge upon it. It is a fact that everybody knows, and it would be a work of supererogation for me to develop it any further.

If honourable senators want any further information I would direct them to the *Monthly Letter* of the First National City Bank of New York—I think one of the largest, if not the largest, bank in the United States —for the month of December. That *Monthly Letter* discusses the various ways in which inflation can come about. It says quite categorically that the most infallible way by which the danger of inflation is created is for the Government to borrow from its bank of issue, which in this country is the Bank of Canada, and make that bank create new credit or currency to the extent of its borrowings.

I should like to quote one sentence from an entirely different source, but precisely in the same sense. I receive every now and again in Ottawa—and I think other honourable senators receive it too—a little four-page newspaper called the *Rural Scene*, a journal of opinion published by the John Atkins Publishing Company in Midland, Canada. It contains a lot of very sound, common sense, expressed in very few words. In the issue of the *Rural Scene* of mid-January I find these two sentences which, with leave, I will quote to the house:

> But when the Bank of Canada is buying Government bonds and is issuing new, unbacked money to pay for them, and the Government is then using that money to meet its obligations, every dollar so spent absorbs value from the hard earned savings of the people as well as their current wages and salaries. When this situation develops, as it is doing now, somebody has to do something about it to save us from disaster.

Honourable senators, the process that I have been describing has already begun in this country. During the last year this Government, to meet its obligations, has borrowed a great deal more money than it has been able to get from the savings of the people, and it has done so by creating credit for itself out of the banking system in the precise way that I have described. I propose to endeavour to prove that statement, and at the same time to enlarge upon the remarks I made a few minutes ago to the effect that the people of Canada are beginning to refuse to invest in Government bonds, and at the same time to deal with a statement made by the honourable Leader of the Government (Hon. Mr. Aseltine) on that subject when he spoke last week. His statement was to the effect that the general public holdings of market issues increased between September and January last to the sum of $499 million. The honourable leader added:

> It does not look to me, therefore, as though the public were running away from our bonds.

That statement of the honourable leader is perfectly true in itself, but it does not tell by any means the whole story; and, taken by itself, it is, as I hope to show him, completely misleading as to the actual circumstances today.

I have in my hand a single sheet which is issued every week by the Bank of Canada. This sheet gives details of certain Government statistics for the week in question and compares them with the corresponding week of the preceding year. The statement is dated January 21, 1959, and the comparison is with the week ended January 22, 1958. It includes Government of Canada securities outstanding at each of these times, and which are divided into three classes: treasury bills, Canada Savings Bonds, and all other direct and guaranteed securities. Of these three the third is by far the largest item. When you talk of treasury bills and of Canada Savings Bonds you are not really referring to the things we call bonds at all. Treasury bills are short-term things payable in 30 or 60 or 90 days; and Canada Savings Bonds, as honourable senators know, can be turned in for cash at any time. Canada Savings Bonds are really only an extension of the banking system. Instead of depositing his money in a bank a man buys a Canada Savings Bond, which gives him a little higher interest return,

but he can cash in his savings bond in precisely the same way as he can go into a bank and draw a cheque from his deposit. These are the three items shown in this statement. Then it goes on to show who holds these different kinds of securities. It indicates those which are held by the Bank of Canada, those held by the chartered banks, those held on Government account—a small item—and those held by the general public; and it subdivides the holdings of the general public into Canada Savings Bonds, treasury bills, and other securities.

What does this statement disclose as to the present situation? The first thing it shows is that in this one year the total of Canadian Government securities outstanding has increased by $1,388 million—pretty good for one year, honourable senators. The second thing it shows is this: the general public has increased its holdings. Yes, it has increased its holdings of Canada Savings Bonds by $268 million and its holdings of treasury bills by $164 million, which together make nearly the figure my honourable friend mentioned. But coming to the real bonds, the permanent investments in the country represented by what we refer to as bonds, we have this situation: during the year this Government issued a total of new bonds in the amount of $1,190 million; and of that total how much do you suppose the public has taken? Twenty-eight millions. The remainder has been taken by the Bank of Canada and by the chartered banks. That is precisely the process that I pointed out to the house a few minutes ago, a process by which the Government creates credit for itself out of thin air.

Hon. Mr. Brunt: Has the honourable senator the figures for September 1?

Hon. Mr. Hugessen: No. I do not know what change there has been. It may have been worse on September 1, or it may have been better. This is just the comparison for the period January 1958 to January 1959.

I said a few moments ago that the financial community is profoundly disturbed at the present situation. I want to say a word or two more about that. I need only refer to statements made by the presidents of every one of our chartered banks at the annual meetings of their shareholders within the last few months. Without exception, I believe, every one of them has drawn attention to the danger that inflation may come to this country if budgetary conditions are not improved.

But there is another class of financial house, and it is with one of these that I now wish to deal. Probably honourable senators have heard of Greenshields & Company Limited, a very well-known financial and underwriting house, having their head office in Montreal and with branches in many parts of the country. They issue from time to time to their clients a four or five-page publication headed *Current Notes*; and I have in my hand their issue of this publication for January 19, 1959. It starts off under the heading of "General Outlook", and for the first three or four pages it discusses the general prospects of trade in this country, and its outlook, its prognostication is moderately optimistic. It believes that the recession is lifting. It thinks that trade prospects are reasonably bright and it goes into quite a number of details in support of that view. In fact, this part of the document reads not unlike the speech last week of my honourable friend the Leader of the Government in its view of the general prospects of trade, except of course that it does not go into details about the price of hogs in Saskatoon. But when, further on in this document, it begins to discuss monetary questions and budget prospects, the tone changes very appreciably. First, it refers to the fear of inflation, and comments on the fact that as a result of this fear a large number of people are getting out of bonds and investing in equities, and it goes on to mention the really remarkable and unprecedented result which has come about, that the yields on many first-rate stocks today, based on the dividends that they pay, are less than the yields on many first-rate bonds. Then it refers to the 1958 Canada Savings Bonds issue of last November, I think it was, and it says that that was quite a success, but it adds:

> It seems that under present conditions the public would be unlikely to take up a similar amount of Government financing without receiving the privilege of redeeming their securities at par at any time through the maturity, which is a feature of the Canada Savings Bonds.

That, of course, is why those figures I disclosed a few moments ago show that while the public are at present willing to take up Canada Savings Bonds which they can cash at any time, or 30-day to 90-day treasury notes, they are becoming increasingly unwilling to take long-term bonds.

Then this market letter goes on to refer to the issue of $400 million in Government bonds offered last December, which I mentioned a few moments ago. It has this to say, and I quote:

> The whole bond market turned easier when it became apparent that a large part of these issues remained with investment dealers.

That is precisely what I said a few minutes ago.

Then it concludes with a paragraph which I am going to quote:

> The deficit for the 1958 fiscal year is not yet covered and, although six months will elapse before the next refunding, further borrowing prior to that time appears necessary. The Minister of Finance, in an address delivered in Toronto early in January, stated that the Government is pledged to achieve a sustained rate of growth in terms of employment, development of resources and the maintenance of the purchasing power of the Canadian dollar, but he disappointed many observers by failing to describe plans for achieving these objectives which by their nature may be irreconcilable.

Irreconcilable, of course, because you cannot promise all sorts of capital expenditures leading to inflation, and at one and the same time preserve the value of the Canadian dollar. Then it goes on with this final sentence:

> If the Government is to finance its deficits other than through inflationary borrowing from the banking system, then a clear statement of policy and implementation of that policy by the Bank of Canada becomes desirable.

That is a clear indication, in very moderate language, of the distrust and of the alarm for the future which is pervading the financial world today. That is the present situation as I see it. On the one hand you have a Government faced with an enormous budget deficit brought about largely, though not wholly, by its own actions, and needing large sums of money to carry on the business of the country in addition to what it can raise by way of taxation. On the other hand, you have an investing public which, to put it mildly, is showing clear signs of losing confidence in Government securities. As a result you have the real danger that the Government will be forced, as it has already been to a degree, to adopt the measure of inflationary financing that I have described.

If that situation is not remedied, if the Government goes on creating $1,000 million of new credits for itself each year, as it is doing now, the result is foreseeable. Our dollar will quickly decline in value and inflation will be upon us. I do not pretend, and no one can, to predict accurately when that will come about. It might be next month or it might be next year or a year later. Other factors may come into the picture which will have the effect of delaying it or indeed there may be factors which will hasten its arrival. It might be that if there was a tremendous upsurge in the economy of this country in the next year or two, the whole of this increased credit could be absorbed without trouble but that, I think, is altogether too much to expect. All that one can say with certainty is that the conditions for inflation are there, and that sooner or later inflation will surely come unless those conditions are dealt with.

That, honourable senators, is the situation as it exists today. How will it be solved? Well, there is one way in which it will not be solved. It will not be solved by any apocalyptic dream or vision of the Prime Minister. Indeed, the only reference that the Prime Minister has made so far to this vital problem in his speech on the Address in the other house is rather disturbing. He said, in effect, that he would be quite willing to run the risk of inflation in order to help unemployment. Surely that is putting the cart before the horse. Think what inflation, if it comes, will do to the people of this country. It will hurt every wage earner. It will hurt every pensioner. It will hurt everyone who has a savings account in a bank. It will hurt everyone who has an insurance policy. It will hurt everyone who holds a bond or mortgage or a debt claim of any kind. It will hurt everyone who has put by his savings for a rainy day or for his old age. In other words, it will hurt the vast majority of the people of this country.

I suggest that a far truer estimate of the situation than the observation of the Prime Minister is to be found in the statements of two men, leaders in their respective fields in this country. First of all there is the president of the Royal Bank, Mr. James Muir, who in his address to his shareholders on January 8 said this:

> Chronic inflation is the greatest single threat to Canada's economic development.

And only last Thursday the president of one of the largest of our life insurance companies, the Canada Life, Mr. E. C. Gill, told his shareholders at their annual meeting:

> Inflation is a greater danger in Canada today than communism, depression or unemployment, and may bring these and other evils in its train.

To me the Prime Minister's remark is as if a man were to say to himself, "I am going to cure this toothache, even though the remedy I employ makes a drug addict of me for the rest of my life."

To my mind there are only two ways in which the situation will be resolved. There is the hard way and there is the soft way. The hard way will take a great deal of political courage. It involves strict rationing of your expenditures and increasing your taxes with a firm and announced resolve to balance the budget within one, two or three years.

Hon. Mr. Pearson: Will the honourable gentleman permit a question? Would higher taxes increase the burden on the little man more than inflation?

Hon. Mr. Hugessen: They didn't in wartime, and I do not see why they should in peacetime. If you are working toward an

objective to get back to a sound economy that is the only way, to my mind, in which the Government will restore the confidence of the investor.

Hon. Mr. Thorvaldson: Did Mr. Muir say that?

Hon. Mr. Hugessen: I am saying that.

Hon. Mr. Thorvaldson: But why didn't he say that?

Hon. Mr. Hugessen: Well, he is not responsible for my speech. That is the only way to my mind in which the Government can restore the confidence of the investor, which is now so sadly and obviously frittering away—the only way in which it can remove his fear of inflation and induce him once more to invest in Government securities.

On the other hand, there is the soft way, and of course it is the easy way. It can be summed up in one sentence. Go on as you are going now. Promise all things to all men, and spend the public money on every scheme which you think will appeal to the electors. When tax moneys run out and when you cannot borrow the savings of the people, create credit for yourself through the Bank of Canada and let the danger of inflation increase day by day.

Hon. Mr. Roebuck: After us the deluge.

Hon. Mr. Hugessen: After us the deluge, yes.

The Government will have to decide between these two policies, and it will have to decide pretty soon. It is difficult to discover from its public statements just what its policy is. On the one hand, you have this half sentence of pious platitudes in the Speech from the Throne. On the other hand, you have such things as, for instance, the speech made last Thursday by the Minister of Public Works in the other house, promising many millions of dollars worth of new expenditures for public works in various parts of the country.

I can understand the difficulties under which this Government labours. It was returned to power on promises of enormous expenditures of public money in every direction. It has been sustained since on dreams or visions of great developments in the north country and elsewhere involving further great expenditures. It will be difficult for it to change its tune, and yet it is a conservative Government, at least in name. I suggest to them that in managing the financial affairs of this country the time has come for them to be a conservative Government in fact as well as in name.

I cannot avoid the suspicion, honourable senators, that on this really vital question the Government has developed no fixed policy, that it is merely floating with the tide, and, like Mr. Micawber, "waiting for something to turn up". But I warn this Government, if by its policy, or lack of policy, it allows inflation to take a firm grip on this country, with all the dire results that will ensue, it will have a formidable account to settle with the people of Canada some day.

Hon. F. W. Gershaw: Honourable senators, may I first compliment the mover (Hon. Mr. Pearson) and the seconder (Hon. Mr. Choquette) on the eloquence of their speeches on the Address in reply to the Speech from the Throne. I also wish to congratulate the honourable gentleman from Hastings-Frontenac (Hon. Mr. White) on the outstanding appointment which he has just received.

In my humble way, I extend my welcome to the new senators who have joined us in this chamber. As an Albertan, I especially welcome the honourable senator from Edmonton (Hon. Mr. Buchanan). He and his family have made a great contribution to the welfare of this land that we all love so much.

Briefly, honourable senators, I wish to speak of the immense resources of the province of Alberta. I do this because I find in the Speech from the Throne a statement to the effect that a National Energy Board will be appointed. I assume this board will have wide control of the oil and gas industry, that it will control the export and financing of these resources which are in the hands of various oil and gas companies, and I hope a market will be found for the production which has been accumulating over the last two or three years. I also hope that it will be able to take into consideration not only the proven reserves, but also the prospective findings, because the report issued by the Oil and Gas Conservation Board, and an excellent book written by Professor Eric Hanson, of the University of Alberta, entitled *The Dynamic Decade,* point out that vast quantities of these fossil fuels can be found in Alberta. We hope that the control of them will not be so strict as to hamper development unduly.

Before 1946 the economy of Alberta was very simple. People lived on farms and ranches; they did not crowd into the cities; they did the work by hand, and by using horses; the population remained pretty stationary. In the decade after 1946 there was great development. It was called a dynamic decade because of the increased development of the petroleum industry. Petroleum is a hydrocarbon, which in its liquid state is called crude oil, and in its gaseous state, natural gas. Of course, the liquid can be changed into gasoline, lubricants and fuel oil. Gas can

be transferred through pipes for long distances and, as propane, exported to foreign countries. Great quantities of these substances are found in the sedimentary rock. Geologists tell us that every few million years the oceans and rivers dry up, that there is a change in the surface of the earth, and that new oceans, new rivers, new continents are formed. It seems that oil and gas are evolved from animal material, particularly marine life. Huge prehistoric creatures rest in the bottom of the oceans that were and become surrounded with vegetable matter and sediment; then, with the heaving, buckling, tilting and folding of the earth's surface, they become embedded deep beneath the surface, and the pressure and the chemical changes of that organic material form the gas and the liquid oil which can be found there. Now if that explanation appeals to you it will be quite apparent that these products, gas, oil and coal, are wasting products. There is only so much of them there, and when they are exhausted, there is no more. That certainly is the situation in our generation and will be for many years to come.

Let us take coal, for instance. There are wide seams of coal underlying the prairies, the foothills and mountains in the southern part of the province of Alberta. It is estimated that 48 billion tons of it are there, which is about half of the mineable coal in the whole dominion of Canada. During the last 50 years about 6 million tons per year have been mined, and even if that figure were 10 million tons there is coal enough there to last for 2,000 years. The quality of the coal varies from lignite to types of semi-anthracite, and it is located between 1,000 to 2,000 feet beneath the surface. The collieries are well equipped with modern machinery, so the man-hour production is about the same as that of other places on the continent, yet they are in need of assistance. Even today three of the large collieries are closed down, and as a result there is a lot of unemployment.

Coal is a valuable fuel; it is the most stable of fuels and the least likely to be damaged by enemy action. It is used in the steel and iron industry; it is used as coke; chemicals can be taken from this coal, and altogether it is of great value to the country. It has been suggested that gradually some of the deep, dark dangerous mines in the east might be closed down and the coal from Alberta used where it is in plentiful supply. It does seem very unreasonable to go a mile or two beneath the Atlantic Ocean for coal when there is so much of it right handy there in Alberta.

A thousand barrels of oil is quite a large quantity, but today and yesterday and every day the operators are allowed to take 413,000 barrels of oil up to the surface in order to make use of it. The Premier of the province of Alberta says that twice this amount can be taken without diminishing the supply, and it is stated that even a million barrels could be taken out without depleting the supply. More will be discovered, so that at the end of 30 years there would still be a surplus of about 12,000 million barrels. These tremendous quantities are almost beyond our imagination.

Then, there is the third fuel, natural gas. There is some romance connected with the finding of natural gas. It was discovered first in the Medicine Hat field. From certain surface signs people there thought there might be gas beneath the surface, so they voted some money and borrowed a rig from the Canadian Pacific Railway and drilled. They got down a thousand feet and their money was all gone, but the mayor advised that they go down a little deeper; so they went down another ten feet, then there was a terrific blast which sent the equipment flying far and wide. It was early in the morning when that happened, and the tremendous roar awakened all the people. Some oldtimers in that locality still recall seeing the mayor beating it down the street half dressed, with his braces tagging along at his heels, to find out what had happened.

Since that time, of course, gas has been discovered in many places and in large quantities. By 1909 it was piped to such cities as Calgary and Lethbridge. For half a century now that gas has been used almost entirely for heating, and the people would not use anything else. They are not a bit afraid of it. Accidents may occur very rarely, but they are due to carelessness. Gas has proven itself to be a splendid fuel and the people of Alberta thought so much about it that in 1953 the province passed the Natural Gas Preservation Act to ensure that not one cubic foot of gas would be exported from Alberta until the people of the province were assured of a supply for the next 30 years.

The proven reserves of natural gas at present amount to 23.7 trillion cubic fee and it is estimated that the Trans-Canada Pipe line in the next 30 years will use about 7 trillion cubic feet. That is almost beyond belief. I find in the report of the Oil and Gas Conservation Board that the estimate given to the Borden Royal Commission indicates that the total requirements of the Trans-Canada Pipe line for the next 25-year period will amount to 7.1 trillion cubic feet. Suppose the people of Alberta used about 8 trillion cubic feet in that time, and perhaps some other pipe lines required 3 trillion cubic feet: there you have 18 trillion cubic feet.

So, at the end of 30 years the reserves of the gas would be 5.7 trillion cubic feet, except for one thing and that is prospective discoveries. We do hope that the National Energy Board will take these prospective discoveries into consideration because they are almost beyond belief.

For instance, there are no such things as ghost towns spoken of now, towns that have been deserted because the gas has petered out. Some of the pipe line companies say they are short of gas, but it is not because the gas is not available. It is because they have not contracted for enough area, because if the wells are spaced out they will always get the gas.

There are other reasons for believing that during the next 25 or 30 years the reserves of gas, new quantities discovered, will be about 2.5 trillion cubic feet per year, so that at the end of 30 years the reserve will not be 5.7 trillion cubic feet but will be 75 to 80 trillion cubic feet.

There are about four ways in which that figure is reached. One of them is by making a comparison with the United States, where they have been using natural gas for a long time and where pipe lines have been laid all through that country. There the reserves have been gradually increasing, and at the present time they have 212 trillion cubic feet in reserve. Secondly, there are some very wealthy companies in Canada interested in the petroleum business—the British American Oil Company, the Imperial Oil Company, and so on. Those companies have invested millions of dollars in the industry, and they are convinced that huge quantities of gas and oil will be discovered. In fact, one of the head men in one of the large companies said he was convinced that within the next 25 years 100 trillion cubic feet of gas would be discovered in the west. The companies have already put up their money, and it stands by, awaiting the development.

The Canadian Petroleum Association views the problem in a little different light. They determine by geological means an estimate of what the reserves will be. They estimate there are 340,000 cubic miles of sedimentary rock beneath the surface of the province of Alberta. Each cubic mile produces 30,000 to 50,000 barrels of oil, and each barrel of oil carries with it about 6,000 cubic feet of gas. So, if one is a mathematician, he can calculate that at the end of 30 years there will be approximately 100 trillion cubic feet of gas in reserve. If we arrive at the result by a statistical method we find it works this way: In the past 10 years 4,198 wildcat wells have been drilled; on the average, each wildcat well has produced about 6 billion cubic feet of gas. That means that the 4,000-odd wells produced 23.7 trillion cubic feet of gas. It is altogether likely that if sufficient encouragement is given there will be each year about 400 wildcat wells drilled, and if each well produces 6 billion cubic feet of gas, we will have 2½ trillion cubic feet added to the supply each year.

Looking at it another way, there are in this area 200,000 square miles. If one test well is put down for every 10 square miles, which is considered necessary to explore the country properly, there will be 20,000 wells. That again indicates that at the end of 30 years there will be something in the neighbourhood of 100 trillion cubic feet of obtainable reserves.

There is another factor to be considered, namely, that progress marches on. There was a time when wood was the chief fuel; then wood as a fuel was replaced by coal. Today that too has been replaced in western Canada by oil and gas. The time may come when gas and oil will be replaced by another type of fuel. We have in this country a good supply of uranium, and it is possible that atomic energy produced by the burning of uranium will be used for domestic and commercial purposes. The development of fission reactors may well bring about this change. Also, thermo-nuclear reactors capable of burning heavy hydrogen may be developed. But even if these advances come about, a certain amount of gas and oil will no doubt be required. As I have said, the situation is not too hopeful, because these commodities can be produced in greater quantities today than the markets for them demand. There are, however, two hopeful developments: one is that Venezuela has recently put a tax on oil, which may have the effect of increasing the price and making it possible for us to compete in the oil market; secondly, more efficient methods of operation are being developed by producers.

However, upon a review of the records available to me, the lowest estimate of the amount of reserve of gas at the end of 30 years is about 51 trillion cubic feet. The Trans-Canada Pipe Line, which is 30 inches in diameter, is capable of carrying a heavy flow of gas. But it would take 220 years for 51 trillion cubic feet to flow through that pipe line.

There are in this country abattoirs which, we are told, process every part of the hog but the squeal. This utilization is true also of the natural gas industry. At Pincher Creek, Alberta, the British American Oil Company in its gas processing operation produces daily some 675 molten tons of sulphur. Canada uses a lot of sulphur; as a matter of fact, one nitro-chemical industry uses 135 tons every day, and about 400,000

tons are imported annually into Canada. Sulphur is used extensively by some of our largest industries, including pulp and paper, mining and agriculture. If more sulphur processing plants were developed, we would soon be self-sustaining in that field.

Natural gas, besides containing sulphur, contains butane, propane and methane. Butane, for instance, is used in the manufacture of synthetic rubber, plastics and insecticides. I am sure many honourable senators have travelled across western Canada by train and by automobile, and have noticed beside the homes on the prairie a large cylinder shaped container of propane gas which is used for many purposes such as heating, lighting, pumping the churn, rocking the baby and so on.

The petro-chemical industry offers great opportunities for development in this country. If it can be developed, as reports seem to indicate, it will mean great things for the future of the province of Alberta and for the dominion of Canada. Extension of the industry would mean the setting up of 15 or 20 more processing plants; the Government would benefit by many millions of dollars in royalties; it would promote the permanent employment of perhaps 10,000 persons; it would give oil companies an opportunity to realize something from their investments, and in all it would mean production which might well help to curb the inflation problem to some extent.

Honourable senators, these are days of new discoveries, new inventions and rapid changes. The obligation has fallen upon the people of this generation to search diligently for the truth, to be the true custodians of the great resources which Providence has provided. This generation must not yield either to stampede or stupor. They must be neither misers nor wasteful spenders, but they must decide what to do with the assets they have in the light of the available knowledge which the age affords.

On motion of Hon. Mr. Thorvaldson, debate adjourned.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 16 to 26, which were presented on Thursday, January 29.

Hon. Mr. Roebuck, Chairman of the committee, moved that the reports be adopted.

Motion agreed to.

BILLS—SECOND READINGS

Hon. Mr. Roebuck moved the second reading of the following bills:

Bill SD-1, An Act for the relief of Lise Nolet Lunghi.

Bill SD-2, An Act for the relief of Margaret Stewart Cairns Bamber.

Bill SD-3, An Act for the relief of Gertrude Cerny Thomschitz, otherwise known as Gertrude Cerny Thomas.

Bill SD-4, An Act for the relief of Miriam Hirsh Leff.

Bill SD-5, An Act for the relief of Phyllida Fairbairn Smith Draper.

Bill SD-6, An Act for the relief of Janos Sztecsinics, otherwise known as Jean Sztecsinics.

Bill SD-7, An Act for the relief of Margaret Craig Murdoch.

Bill SD-8, An Act for the relief of Nita Stella Pollock Adams.

Bill SD-9, An Act for the relief of Enis (Ines) Vit Desnoyers.

Bill SD-10, An Act for the relief of Helen Elizabeth MacDonald Downey.

Bill SD-11, An Act for the relief of Silvia Frederike Diethilde Beate Angela Bushsel Fatter.

Motion agreed to and bills read second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

BUSINESS OF THE SENATE

Hon. Mr. Macdonald: Honourable senators, may I ask the leader of the Government what will be the business tomorrow?

Hon. Mr. Aseltine: There will be a meeting of the Banking and Commerce committee in the morning. At the afternoon sitting of the Senate there will be one bill for second reading, the debate on the Address will be continued, and it may be that the supplementary estimates will be before us.

Hon. Mr. Macdonald: I notice on the Order Paper for tomorrow there is the second reading of Bill S-6, to confirm an agreement between the Government of Canada and the Government of New Brunswick respecting Indian reserves. Does the honourable Leader of the Government intend to proceed with that tomorrow?

Hon. Mr. Aseltine: It is to follow the speeches on the debate on the Address. If there is time I intend to go ahead with it.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(*See p. 86*)

NATIONAL GALLERY

Question No. 1 of inquiry by **Hon. Mr. Pouliot:**

1. What was the accession No., the medium, the artist, the title, the date of acquisition, the source, and the cost (in Canadian dollars) of each one of the works of art purchased by the National Gallery of Canada, from accession No. 6911 of September 18, 1957 to date?

Answer to Question No. 1:

Accession No.	Medium	Artist	Title	Date of Acquisition	Source	Cost
						$
6912	Oil on masonite	John Bratby	Day Nursery	16.4.58	Beaux-Arts-Gallery, London	869.40
6913	" canvas	Jean Paul Lemieux	Le train de midi	18.9.57	The artist, Quebec	500
6925	Serigraph	Alexander Colville	Cat on Fence	3.4.57	The Artist, Sackville, N.B.	25
6929	Oil on masonite	William Armstrong	Still Life and Marigolds	16.4.58	Waddington Galleries, Montreal	300
6930	" panel	F. M. Bell-Smith	Queen Victoria	"	H. P. Rickard, Toronto	100
6931	" canvas	P. de Ligny Boudreau	L'Heure Bleue	"	The Artist, Paris	375
6932	" board	Albert Dumouchel	La neige sur les oliviers	"	" Montreal	250
6933	" canvas	John O'Brien	Yacht Race, Halifax	"	D. A. Mackay, Halifax	350
6934	" "	Jean-Paul Riopelle	Immersion	"	Pierre Matisse Gallery, New York	1,296
6935	Water colour	Goodridge Roberts	Laurentian Lake	"	Dominion Gallery, Montreal	300
6936	Oil on canvas board	F. H. Varley	Mountains, Mist and Reflections, Kootenay Lake	"	Roberts Gallery, Toronto	300
6937	Oil on canvas	John Fox	Street in Montreal	"	Laing Galleries, Toronto	300
6938	"	John A. Fraser	Lake Skugog	"	Dominion, Gallery, Montreal	1,000
6939	"	A. Y. Jackson	Batterwood	"	" " "	175
6940	"	F. H. Johnston	Near the Berry Patch	"	" " "	175
6941	"	Arthur Lismer	Bon Echo	"	Laing Galleries, Toronto	750
6942	"	John Lyman	Femme au collet blanc	"	Dominion Gallery, Montreal	375
6943	Water colour	Scottie Wilson	Garden of Eden	"	Robertson Galleries, Ottawa	210
6944	Oil on panel	A. Y. Jackson	Moonlight, St Anne	22.10.58	Dr Norman Fee, Ottawa	250
6945	" "	"	St Jean, Ile d'Orleans	"	" "	250
6946	" board	Tom Thomson	Timber Chute	16.4.58	W. Gordon Mills, Ottawa (21 sketches, Nos. 6946–6966—$3,000)	
6947	" panel	F. H. Varley	Birth of Clouds	"	" "	
6948	" "	Arthur Lismer	Georgian Bay Shore Line	"	" "	
6949	" "	"	Ash & Pine, Georgian Bay	"	" "	
6950	" "	"	Fishing Village, N.B.	"	" "	
6951	" "	J. E. H. MacDonald	Logs, Little Turtle Lake	"	" "	
6952	" board	" "	Mountain Stream	"	" "	
6953	" "	" "	Windy Day, Little Turtle Lake	"	" "	
6954	" "	" "	Evening Fields, Thornhill	"	" "	
6955	" "	" "	Surf, Barbados (February)	"	" "	
6956	" "	" "	Surf, Barbados (March)	"	" "	
6957	" "	" "	Cathedral Peak from O'Hara Lake —Cloudy Weather	"	" "	
6958	" "	" "	Algoma Bush, Autumn	"	" "	
6959	" panel	A. Y. Jackson	Baie St Paul	"	" "	
6960	" "	"	Indian Homes, Fort Resolution	"	" "	

Accession No.	Medium	Artist	Title	Date of Acquisition	Source	Cost
						$
6961	Oil on panel	A. Y. Jackson	The Bic Road	16.4.58	W. Gordon Mills, Ottawa (21 sketches, Nos. 6946–6966—$3.000)	
6962	" "	"	Fox River, Gaspe	"	" "	
6963	" "	"	Morning, St Simon de Rimouski	"	" "	
6964	" board	Lawren S. Harris	Pine Plains, Ontario	"	" "	
6965	" panel	"	Near Sand Lake, Algoma	"	" "	
6966	" board	"	North Greenland	"	" "	
6969	Wood	Canadian, 19th century	Kneeling Angel	"	Pioneer Shop, Ottawa	80
6970	"	" "	"	"	" "	80
6971	Oil on canvas	Henri Matisse	Nu au canape jaune	"	Pierre Matisse Gallery, New York	43,650
6975	Oil	Duncan de Kergommeaux	Painting from a Pine Forest, No. 1	"	The artist, Ottawa	250
6976	Collage	Harold Town	Square in Nineveh	22.10.58	" Toronto	300
6977	Oil	Jacques de Tonnancour	Paysage de juin	16.4.58	Galerie Delrue, Montreal	600
6978	Oil	Edmund Alleyn	Shoreline	"	The Artist, Paris	700
6979	Oil	Graham Coughtrey	Shared Nights	"	" Toronto	600
6980	Oil	Jean Dallaire	Audrey	"	" Montreal	250
6981	Oil on canvas	Theophile Hamel	Madame Guay	"	Institut d'Anthropologie, Montreal	2,000
6982	Water colour	David Milne	Seated Woman	"	A. E. Meister, Ottawa	100
6983	Oil on canvas	Ernest Neumann	Self-portrait	"	J. Neumann, Montreal	300
6984	Oil	Tony Urquhart	The Enigma	"	The artist, Niagara Falls, Ont	250
6985	Oil	F. A. Verner	The Upper Ottawa	"	Mrs M. L. F. Wilson, Ottawa	100
6986	Silver point	Gerard David (attr.)	Four Heads	"	Colnaghi, London	4,878
6987	Water colour	Otto Jacobi	The Path through the Cedars	"	Miss L. Macklen Nelles, Brantford	100
6988	Charcoal	Horatio Walker	Woman Feeding Pigs	"	Miss Olive C. Pretty, Toronto	100
6989	Gouache	Takao Tanabe	Study for a Painting 'D'	"	The artist, Vancouver	35
6990	Pencil	L. P. Harris	Design for Plaque No. 2	"	" Sackville, N.B.	45
6991	Engraving	Martin Schongauer	The Crucifixion	"	William Schab, New York (less $2,500 for our engraving)	5,500
6992	Woodcut	Emil Nolde	Head—Jestri, 1917	"	Stephen Radich, Tuckahoe, N.Y.	45
6993	Woodcuts (47)	Aristide Maillol	Daphnis and Cloe	"	" "	125
6994	Etching	Pierre Soulages	Etching	"	Gimpel Fils, London	51.22
6995	Lithograph	Odilon Redon	Gnome	"	P. E. Eilers, Amsterdam	200
6996	Etching	Paul Beaulieu	Nature morte aux cerises	"	G. Beaulieu, Montreal	20
6997	Engraving	"	Nature morte aux fruits	"	" "	15
6998		"	Mortier aux oignons	"	" "	15
6999	Etching	Moe Reinblatt	Schoolgirls	"	The artist, Montreal	25
7007	Oil	Harold Town	Hodgson's Boat House	22.10.58	The artist, Toronto	400
7011	Drawing	Ernst Neumann	Blind Man	"	J. Neumann, Montreal	15
7012	Wood engraving	Alistair Bell	Boats at Newlyn	"	The artist, Vancouver	7
7013	Woodcut	Ernst Neumann	The Barker	"	J. Neumann, Montreal	5
7014	"	"	In the Park	"	" "	5
7015	Lithograph	Jack Nichols	Mediaeval Presence	"	The artist, Toronto	45
7016	"	"	The King	"	" "	45
7017	"	"	King David	"	" "	45
7018	"	"	Bull of the Poet (Lorca)	"	" "	45
7019	"	"	Dancer	"	" "	55
7020	"	"	The Pale Horse	"	" "	55
7021	Bronze	Dora de Pedery-hunt	Maquette for 'Artist'	"	" "	225

THE SENATE

Wednesday, February 4, 1959

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

Prayers.

DOCUMENTS TABLED

Hon. Mr. Aseltine: Honourable senators, I table the following documents:

Memoranda of agreement (amending agreements) respecting contributions under The Hospital Insurance and Diagnostic Services Act made between the Government of Canada and the following Provinces:
Newfoundland—Amending agreements Nos. 1, 2 and 3
Nova Scotia—Amending agreement No. 1
Manitoba—Amending agreements Nos. 1, 2 and 3
British Columbia—Amending agreement No. 1. (English text).
Report of the Department of National Health and Welfare for the fiscal year ended March 31, 1958, pursuant to section 10 of the Department of National Health and Welfare Act, Chapter 74, R.S. 1952. (English text).

PRIVATE BILLS

GORE DISTRICT MUTUAL FIRE INSURANCE COMPANY—FIRST READING

Hon. W. D. Euler presented Bill S-7, respecting Gore District Mutual Fire Insurance Company.

Bill read first time.

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

Hon. Mr. Euler: Honourable senators, I move, with leave of the house, that this bill be placed on the Order Paper for second reading tomorrow. It proposes merely the deletion of two words from the name of the company.

Motion agreed to.

WATERLOO MUTUAL INSURANCE COMPANY—REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill S-4.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (S-4) intituled: "An Act to incorporate The Waterloo Mutual Insurance Company", have in obedience to the order of reference of January 29, 1959, examined the said bill, and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. Euler: With leave, I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

PUBLIC LANDS GRANTS BILL

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Mr. Hayden presented a report of the Standing Committee on Banking and Commerce on Bill S-2, to amend the Public Lands Grants Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred Bill (S-2) intituled: "An Act to amend the Public Lands Grants Act", report as follows:
Your committee recommend that authority be granted for the printing of 600 copies in English and 200 copies in French of their proceedings on the said bill.

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

Hon. Mr. Hayden: With consent of the Senate, I move that it be adopted now.

Motion agreed to.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 50 to 75, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

BILLS—FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill SD-12, An Act for the relief of Marie Cordelia Marie-Ange Pigeon Gaboriau dit Lapalme.

Bill SD-13, An Act for the relief of Jeannine Genevieve Jagelavicus Kusleika.

Bill SD-14, An Act for the relief of Viola Bleier Josephovits.

Bill SD-15, An Act for the relief of James John Thomson Keay.

Bill SD-16, An Act for the relief of Constandina Alimanisteanu Butas.

Bill SD-17, An Act for the relief of Viola Gertrude Elizabeth Boyd Theroux.

Bill SD-18, An Act for the relief of Sydney Arthur Powell.

Bill SD-19, An Act for the relief of Ruth Georgina Potts Dobie.

Bill SD-20, An Act for the relief of Patricia Burnell Fraser Rosensweig.

Bill SD-21, An Act for the relief of Geraldine Joy Conway Cook.

Bill SD-22, An Act for the relief of Joan Natalie Miller Martin.

Bills read first time.

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

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

STANDING COMMITTEES

ADDITION TO MEMBERS

Hon. Arthur L. Beaubien, with leave of the Senate, moved:

(1) That the name of the Honourable Senator Buchanan be added to the list of senators serving on the Standing Committees on Finance, Natural Resources, and Transport and Communications.

(2) That the name of the Honourable Senator Hnatyshyn be added to the list of senators serving on the Standing Committees on Immigration and Labour, and Miscellaneous Private Bills.

(3) That the name of the Honourable Senator Higgins be added to the list of senators serving on the Standing Committees on Canadian Trade Relations, Finance, and Natural Resources.

Motion agreed to.

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

That the name of the Honourable Senator Savoie be added to the list of senators serving on the Standing Committee on Finance.

Motion agreed to.

HON. CAIRINE R. WILSON

BIRTHDAY FELICITATIONS

Hon. F. W. Gershaw: Honourable senators, before the Orders of the Day are called may I direct your attention to the fact that one of the most highly respected members of this body is celebrating her birthday today. I am sure all of you will join with me in wishing her—the Honourable Senator Wilson—many very happy returns of the day.

Hon. Senators: Hear, hear.

Hon. Cairine R. Wilson: Honourable senators, I hoped that my birthday would perhaps escape recognition, because I did not see the Montreal *Gazette* this morning; but I am very grateful to you for your good wishes. The newspaper, very considerately, always omits the age of the female so recognized. However, when one is a great grandmother one is not quite so diffident. I have been here a very long time; in fact I am now third on the list of seniority; and I can only hope that I won't attain the first place! Thank you all.

DIVORCE

BILLS—THIRD READINGS

Hon. Mr. Roebuck moved the third reading of the following bills:

Bill SD-1, An Act for the relief of Lise Nolet Lunghi.

Bill SD-2, An Act for the relief of Margaret Stewart Cairns Bamber.

Bill SD-3, An Act for the relief of Gertrude Czerny Thomschitz, otherwise known as Gertrude Czerny Thomas.

Bill SD-4, An Act for the relief of Miriam Hirsh Leff.

Bill SD-5, An Act for the relief of Phyllida Fairbairn Smith Draper.

Bill SD-6, An Act for the relief of Janos Sztecsinics, otherwise known as Jean Sztecsinics.

Bill SD-7, An Act for the relief of Margaret Craig Murdoch.

Bill SD-8, An Act for the relief of Nita Stella Pollock Adams.

Bill SD-9, An Act for the relief of Enis (Ines) Vit Desnoyers.

Bill SD-10, An Act for the relief of Helen Elizabeth MacDonald Downey.

Bill SD-11, An Act for the relief of Silvia Frederike Diethilde Beate Angela Buchsel Fatter.

Motion agreed to and bills read third time and passed, on division.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

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

Hon. Gunnar S. Thorvaldson: Honourable senators, may I join other honourable senators who have spoken in this debate in an expression of welcome and congratulation to the three new senators who entered this house a few days ago. I have known them for quite a number of years. I confess that prior to the present time I knew the honourable senator from St. John's East (Hon. Mr. Higgins) only as a lawyer, having met him from time to time at meetings of the Canadian Bar Association. As members of this chamber

are aware, particularly those who are members of my profession, the honourable senator has a great reputation for wit and brilliance of speech. I for one am awaiting an opportunity to hear him speak in this house.

In regard to the two senators from western Canada, I have been acquainted with them and, indeed, I think I have been a close friend of theirs for a number of years. The honourable senator from Edmonton (Hon. Mr. Buchanan) worked with me throughout the years during times when our party was not in very good favour throughout Canada. Those were, of course, dull days indeed.

Hon. Mr. Hayden: For you.

Hon. Mr. Thorvaldson: That is right, for us and, may I add, for Canada.

Hon. Mr. Brunt: Hear, hear.

Hon. Mr. Thorvaldson: In regard to the honourable senator from Saskatoon (Hon. Mr. Hnatyshyn), I am happy to say he comes from a city where I had occasion to live at least during the school term of the year for a period of seven years, and consequently we established a close friendship a long time ago. So I do wish to join in the welcome that has been expressed by so many others to these gentlemen. As I said to them on the first day they were here, "I am sure that if you find nothing else in the Senate you will find unfailing courtesy and friendship on the part of every member of this house, no matter on which side he sits." At least, that has been my own experience.

May I also express my congratulations to the mover (Hon. Mr. Pearson) and the seconder (Hon. Mr. Choquette) of the Address in reply to the Speech from the Throne. Naturally I was most interested at the remarks of the mover, knowing his province of Saskatchewan as I do. In regard to the speech made by the seconder, may I say I have real difficulty in trying to decide who is the more perfectly bilingual, the distinguished Speaker of this house or the seconder of the Address, the honourable senator from Ottawa East.

I was very much interested in the opening remarks in the speech made by my honourable leader (Hon. Mr. Aseltine) and also in some of the remarks of the honourable Leader of the Opposition (Hon. Mr. Macdonald). Each suggested that in debate in the Senate there should not be the partisanship that is customary in the other house —in fact, that there should be no partisanship here. In consequence of that, I was most interested in reading quotations that were placed on *Hansard* from speeches made by the Right Honourable Arthur Meighen in, I believe, 1936, and an excerpt from a speech by the Honourable Senator Dandurand. I want to join in the view expressed last night by the honourable senator from Inkerman (Hon. Mr. Hugessen) that soft gloves should not be used here all the time; in fact, I think if we have good hard debate occasionally the Senate will be a much more interesting body than it otherwise would. So may I congratulate the honourable senator from Inkerman on his amazingly lucid and able speech. I wish I could do as well. His speech was political in nature, as I believe it had a right to be, although I shall refer to it in my remarks as being essentially advocacy. However, it was the most brilliant advocacy I have heard in this chamber since I have been a member here.

One reason I refer to it as advocacy is that I recollect using this term while I was sitting in my seat in New York last fall attending a meeting of the General Assembly of the United Nations. The Speaker was Mr. Krishna Menon of India. He spoke for about an hour or an hour and a quarter without a note, and after he was through I said to my associate on my right: "What brilliant advocacy. It is too bad there wasn't more real argument in it." For there is a difference between advocacy and what can correctly be called argument. When I was younger I delighted in reading biographies, especially those of such men as Sir Edward Marshall Hall and Sir Edward Carson. In respect to those gentlemen I think it is a fact that on occasions when they made their most brilliant bits of advocacy before juries their clients generally were hanged. So what I mean is this: advocacy can often espouse causes that are not very accurate. So I must say of the speech made last night by my honourable friend from Inkerman, it was a great speech but there were a few holes in it and I do want to pick on some of them.

Honourable senators, while we welcome discussion in regard to the purchasing power of the Canadian dollar, my concern, and I am sure yours, is that speeches on this subject should not be unrealistic and unbalanced. I think my honourable friend's speech was somewhat unrealistic in regard to the monetary position of this country, and unbalanced in the respect that in dealing with the potential inflationary condition we all speak of, and that we indeed all know to be present in this country, made no mention of the tremendous pressure of costs and prices on this potentially inflationary condition.

The honourable senator's speech was divided essentially into two parts. One part dealt with the conversion loan operation which was carried out by the Minister of Finance last July. The other part dealt with the potentially inflationary situation that we face in this country at the present time.

Now, the honourable senator's argument in regard to the conversion loan was that it should not have been made because: (1) the brokerage and commission expense was too costly; (2) it adds an undue additional interest burden on Canada; and (3) it tends to increase interest rates for other borrowing.

May I just repeat, for the purpose of the record, what the honourable senator said in regard to the loans that were converted. They were five in number; they were all Victory loans—numbers 5, 6, 7, 8 and 9—and they totalled $6,416 million. The maturity dates, as indicated by the honourable senator, were between January 1, 1959 and September 1, 1966. Then, of course, as is well known to honourable senators, there are other loans in existence in Canada with maturity dates between January 1, 1959 and September 1, 1966, which however have not been converted.

I think the quick answer to the honourable senator's argument is somewhat as follows: (1) The conversion was the result of the combined judgment of (a) The Minister of Finance of Canada, Department of Finance permanent officials, the Governor and other officials of the Bank of Canada; (b) it was concurred in by a large group of the most knowledgeable financial people in Canada; and (c) I have failed to hear of a single serious criticism of this conversion operation from any chairman or president of any Canadian bank or from any head of an insurance company or other financial institution in Canada, or from any reputable economist; and although the honourable senator brings such witnesses as bank and insurance company presidents to his aid on other points, he does not do so in regard to the loan conversion operation.

May I add that I believe it is a fact that editorial opinion in Canada was very nearly unanimous in support of this conversion operation.

Now, within the large framework of the financial operations of the Government of Canada, despite the splendid advocacy of the honourable senator from Inkerman—though not necessarily based on logic, and that is why I use the words "splendid advocacy" rather than "splendid argument"—despite that advocacy, whose judgment should one take on this matter, that of the honourable senator, or that of the group of financial men that I referred to a moment ago, and indeed of Canadians generally?

What about the interest rate on the new bonds—is it too high? Is the fact of the coupon rate attached to these bonds a reason for borrowings by others being done at an unduly high rate? When I say "borrowings by others" I refer to the fact, as the honourable senator alleged, that as a result of the conversion operation other people were compelled to borrow at higher rates than otherwise and therefore that the conversion operation had a tendency to increase interest rates in Canada generally. What evidence is there that the rates in question are too high, and that they have the effect suggested, namely, of increasing interest rates to other borrowers in this country? The rate was, as is well known, 3 per cent on all the issues, and the average rate now is approximately 4 per cent; that is, there is an increased cost on this new borrowing of approximately 25 per cent.

There is absolute and positive evidence that the honourable senator's conclusion is wrong. It is this: the honourable senator referred to the United States, and argued that it was all right for the United States to do deficit financing, but all wrong for Canada to do so. Well, these are the traditional facts in regard to interest rates in Canada and in the United States. Rates on prime borrowings by governments or corporations have always been at least one-half per cent less in the United States than in Canada. Today's interest rates are high in Canada, but so are interest rates in the United States. The fact is that interest rates in the United States are today one-half per cent higher than they are in Canada, despite the fact that there was no conversion loan in the United States.

Hon. Mr. Macdonald: No, you are wrong. You said higher; they are lower.

Hon. Mr. Thorvaldson: I am sorry; I meant to say that the United States rates are lower, but they are still only one-half of one per cent lower than rates in Canada. The point of my argument is this that interest rates have risen in the United States proportionately to the rise in Canada; and there having been no conversion loan in the United States, such as we had in Canada, how can one argue that the result of the conversion loan in Canada has been to increase interest rates all around? I readily admit that interest rates have increased in Canada, but they have increased only to the same extent that they have increased in the United States. I think that is a fact of record which anyone can find out by calling a brokerage house, or even the Department of Finance here. The fact is that

interest rates on this continent are higher than they were, conversion loan or no conversion loan. Surely this fact is so well known that anyone should be able to recognize the fallacy of the argument that the effect of the conversion loan was to artificially push up interest rates in Canada; and if this argument is found unworthy, then surely there is very little foundation left for the argument to the effect that the Government's monetary policies are on the verge of resulting in a runaway inflation in this country, at least for that reason.

My honourable friend also says that Canada will pay $50 million additional in interest rates as a result of the conversion. This estimate of course did not mean that that was the case for 1958, but it is a fact that Canada's interest bill is increased by approximately $50 million. However, I think we all know that certain conversions had to be made immediately in any event. As I understand it, $1 billion of the $6 billion had to be converted during the course of 1958. Other conversions would have had to follow in due course, so it is only a wild guess that, as a result of the conversion there may be any long-run cost whatsoever to Canada. That depends on the future of interest rates, and in a free economy, which I hope we will continue to maintain in Canada, I defy anyone, even the economists, to predict the course of interest rates during the next 10 to 25 years or even during the next seven years, which is the period in which all these loans would have required to be converted.

Now, in regard to the cost, it is true that a heavy cost was involved in this conversion but, after all, we must remember that that cost had to be absorbed at some time in any event, and on that it can be argued that the cost of doing a conversion of $6 billion is perhaps less than the cost of converting five different loans separately would have been, even though the conversions were done at the repective maturity dates of those loans.

So honourable senators, despite the views expressed last evening, it is my view, and I believe also the view of the vast majority of Canadians, that the conversion loan of 1958 is a stabilizing factor in our economy and as such is a prime factor in the undoubted economic recovery which is under way today.

I would like to deal now with the second major point which was made in the honourable senator's speech, namely, that the conversion loan operation and other deeds or misdeeds of the Government will have inflationary results, that we are now sitting on a powder keg of inflation and that a runaway inflation would be one of the worst evils that could befall us as a nation.

I hope it does not surprise honourable senators opposite to learn that except for the suggestion regarding the conversion loan I am roughly in agreement with the premises which I have stated, and which I believe are an accurate summary of those stated by the honourable senator last evening—except that I do not think we are on a powder keg, which phrase was indeed not used by the honourable senator. I agree too that runaway inflation would no doubt be an unmitigated evil for this country, and I think everybody, whether inside this chamber or outside it, now agrees on that point. But while my honourable friend did a lot of theorizing and speculating as to the future in regard to that problem I propose to look some facts in the face; and I do think that after we look those facts in the face we should not get as panicky about the problem as the honourable senator's speech made me, at least.

Since 1945 there has been on this continent a great deal of inflation. That degree of inflation is represented by an increase in living costs from an index of 100.0 in 1949 to 125.1 in 1958.

Honourable senators, I would like to place on the record the cost of living index figures issued by the Dominion Bureau of Statistics. I referred to the year 1949 as being at 100.0, but these figures go back to 1945. The index in that year was 75.0, and in 1946 it was 77.5; in 1947, 84.8; in 1948, 97.0; in 1949, 100.0; in 1950, 102.9; in 1951, 113.7; in 1952, 116.5; in 1953, 115.5; in 1954, 116.2; in 1955, 116.4; in 1956, 118.1; in 1957, 121.9; and in 1958, 125.1. Figures just released a few days ago for January 1959 establish the index at 126.1. I understand that these are the annual figures averaged for each of those years. As you can see, from 1945 to 1958 the cost of living index has gone up 50 per cent, which is essentially inflation.

Now, during 1958, as stated in the speech of the honourable Leader of the Government (Hon. Mr. Aseltine) here a few days ago, the increase in the cost of living was only 2.5 per cent. One might compare that with an increase of 21 per cent in the cost of living during the years 1946 to 1948. As we all now know, this inflation has resulted largely, if not wholly, from increases in wages, salaries, rents and generally higher costs of doing business, and these increases in costs have been inflationary to the extent that technology and improved production methods failed to keep pace with those rising costs.

I think everyone here is aware of what happened shortly after the war. Let us take

the leader in the inflationary parade on this continent, which was unquestionably the United States Steel Corporation. Everyone will recall that for a period of some years after the war that company had recurring strikes or threats of strikes on its hands. In each case the demands of the unions were met—I am not criticizing that at all—but they were met not out of improved technology or methods of production, but out of increases in the price of steel. The inflationary round started with steel and coal in those years, and in due course the spiral continued until wages and costs have gone up as we know them today. With that we have had this tremendous increase in the cost of living, which is in effect inflation.

If anyone would like to pursue some of these matters, I commend the reading of *Labour Research*, a monthly bulletin published by the Research Department of the Canadian Labour Congress, the editor of which is Professor Eugene Forsey. I refer to a table contained on page 16 of this bulletin, which gives the increases in hourly earnings, 1946-57, of 18 industries, ranked according to size of increases.

Without reading all of the table, may I be allowed to indicate to the house the nature of the information. The table shows, for instance, for tobacco and tobacco products, wage increases between 1946 and 1957 of 180.1 per cent; for products of petroleum and coal, increases between the same years of 152.2 per cent. Honourable senators, may I be allowed to place this table on *Hansard*?

Some Hon. Senators: Agreed.

Hon. Mr. Thorvaldson: Thank you.

TABLE 6

Increase in Hourly Earnings, 1946-57
(Ranked according to size of increases)

Manufacturing Industries	1946 cents	1957 cents	% Increase
1. Tobacco & tobacco products	53.9	151.0	180.1
2. Products of petroleum & coal	87.6	220.9	152.2
3. Paper products	74.1	186.7	152.0
4. Chemical products	69.4	170.9	146.3
5. Non-ferrous metal products	75.9	183.0	141.1
6. Iron & steel products	76.1	183.0	140.5
7. Printing, publishing and allied industries	78.6	188.6	139.9
8. Non-metallic mineral products	68.0	160.3	135.7
9. Electrical apparatus & supplies	71.5	165.9	132.0
10. Non-durable goods	63.8	146.5	129.6
11. Rubber products	72.3	165.5	128.9
12. Durable goods	76.4	172.6	125.9
13. Textile products (except clothing)	53.7	120.9	125.1
14. Foods and beverages	62.5	138.1	121.0
15. Wood products	64.2	139.6	117.4
16. Transportation equipment	87.9	182.1	107.2
17. Leather products	55.8	110.5	98.0
18. Clothing (textile & fur)	56.2	104.8	86.5

Source: D.B.S. Review of Man-Hours and Hourly Earnings with Average Weekly Wages, 1946-1957.

I would like to admit the point, which is a fact, that with the advent of the current recession on this continent an additional inflationary cause appeared. First, labour and industry have throughout 1958 constantly applied an upward pressure on costs. There has also been added, both in Canada and in the United States, a monetary problem resulting from the necessity of deficit financing, which the United States has been doing for over 20 years without too harmful results. There has also been added the need for additional Government borrowings for such purposes as works to relieve unemployment. Last year we added $250 million to the capital of Central Mortgage and Housing Corporation for the purpose of building houses in this country. The Government has also been required to put millions of dollars into such projects as the Trans-Canada Pipe Line and the St. Lawrence Seaway, and now into various projects for the general advancement of this country, many of which are being undertaken in order to relieve the unemployment problem with which we in Canada are faced, along with our neighbours to the south.

Speaking of this monetary problem, I think the most effective point made by the honourable senator from Inkerman in his speech last evening was in that regard, and I wish to admit that the monetary problem has in it potential danger. However, I do wish to analyze somewhat the matter that the honourable senator placed on *Hansard* in that regard. I am referring to the second column of page 92 of *Hansard*, where the honourable senator is reported as follows:

> I have in my hand a single sheet which is issued every week by the Bank of Canada. This sheet gives details of certain Government statistics for the week in question and compares them with the corresponding week of the preceding year. The statement is dated January 21, 1959, and the comparison is with the week ended January 22, 1958. It includes Government of Canada securities outstanding at each of these times, and which are divided into three classes: treasury bills, Canada Savings Bonds, and all other direct and guaranteed securities.

Then he said, as shown on page 93, starting in the second column:

> What does this statement disclose as to the present situation? The first thing it shows is that in this one year the total of Canadian Government securities outstanding has increased by $1,388 million—pretty good for one year, honourable senators. The second thing it shows is this: the general public has increased its holdings. Yes, it has

increased its holding of Canada Savings Bonds by $268 million and its holding of treasury bills by $164 million, which together make nearly the figure my honourable friend mentioned.

I think this is the meat of it.

But coming to the real bonds, the permanent investments in the country represented by what we refer to as bonds, we have this situation: during the year this Government issued a total of new bonds in the amount of $1,190 million; and of that total how much do you suppose the public has taken? Twenty-eight millions. The remainder has been taken by the Bank of Canada and by the chartered banks. That is precisely the process that I pointed out to the house a few minutes ago, a process by which the Government creates credit for itself out of thin air.

Now honourable senators, if that was all there was to the statement, and there were nothing more, it would be alarming indeed. But I do suggest that it should be analyzed further, and that we should find out just what amounts went to the Bank of Canada on the one hand and the chartered banks on the other hand. I think the crux of the problem is in those figures.

It would indeed be most alarming to me if I thought the Bank of Canada had absorbed $1,190 million of securities of the Government of Canada; but I think it a very different thing if most of that absorption has been by the chartered banks in Canada, instead of the Bank of Canada.

Hon. Mr. Roebuck: What is the difference in effect?

Hon. Mr. Thorvaldson: I am coming to that. I understand from the officials of the Bank of Canada that the figure of $1,190 million is not exactly correct. I am going to replace that figure with the amount of $1,052 million, which they tell me is correct. The Bank of Canada absorbed $159 million, and the chartered banks absorbed $893 million.

I might indicate here that there is one offsetting factor, namely, that Government accounts, including the Unemployment Insurance Commission and certain Government agencies, are down $124 million in their holdings as between the two dates referred to. During this period, namely from January 21, 1958 to January 22, 1959, the assets of the chartered banks rose by $1,377 million. The main components of this increase were as follows: Dominion Government securities, $893 million; increase in unsecured mortgages, $202 million; provincial securities, $138 million; municipal securities, $29 million; corporation securities, $52 million. General business loans were up $130 million. My point is this, that one can ask any two Canadian bankers or any two economists whether the existing situation is inflationary, and not get agreement. I submit that, under the circumstances prevailing in Canada at the present time, it is impossible to find agreement among Canadian economists as to whether this monetary situation is inflationary; and I have yet to find in any statements by bank presidents a suggestion to this effect.

The honourable senator whose remarks I am discussing also quoted as evidence against the Government, besides the figures cited by him yesterday, statements by Mr. James Muir, Chairman and President of the Royal Bank of Canada, and Mr. Gill, President of the Canada Life Assurance Company. I have examined Mr. Muir's statements. I find that he does refer to what he calls chronic inflation, but despite careful examination of his speech, nowhere have I discovered a suggestion by him that this country is on the brink of an inflationary disaster. I suppose everyone recognizes that inflationary dangers are ahead, but what we were told last night is that we are on the brink of an inflationary disaster as a result of monetary policy.

At this point I should like to refer to some passages of Mr. Gill's speech. First, a paragraph with reference to conditions in the United States:

For the United States the past year—economically speaking—has been one of violent ups and downs. Statistical movements have been striking. New records have been chalked up; record peacetime deficits in national budgets; record postwar rates of seasonally adjusted unemployment; high levels of personal incomes and savings; high aggregates of construction contracts; a large decline in bond prices and a record peak in stock market prices—all at about the same time.

I read that because that is substantially what has been happening in Canada during this year; and if the Government is to be blamed for these things in Canada, similarly the Eisenhower Government in the United States should be blamed for these conditions.

Hon. Mr. Hayden: It is.

Hon. Mr. Thorvaldson: Then, I wish to refer to certain remarks made by Mr. Gill in regard to inflation, with which I am quite in agreement. He says of this incipient inflation:

It is a greater danger than communism, depression or unemployment, formidable though these enemies are. In fact, inflation can bring all these and other evils in their train.

But in regard to the problem facing Canada, this is what he says:

The inflation with which we are threatened today is unlike anything which has been heretofore encountered. Historically, inflation has resulted from "too many dollars chasing too few goods". No such cause exists today. The cause which does exist and which is giving grave concern that inflation may break lose is an even more powerful one—it is entirely psychological. Too many people believe that inflation is inevitable. This false assumption leads in turn to actions by individuals

and governments which, if continued, will result in inflation and the consequent defeat of our responsible enterprise system.

But the real point of this paragraph in regard to the speech that we heard is this. He says that it is not a case of too many dollars chasing too few goods. He continues:

He continues:

This inflation psychology is a major obstacle to government in playing its essential part in the anti-inflationary battle. No government can maintain its mandate to govern without the support of its constituents. Governments must take the lead in avoiding inflation, but to do so it must have the co-operation of the public.

A short time ago I accompanied a delegation of members of the Canadian Chamber of Commerce, which met with the cabinet, as it does every year, to discuss its policy declarations of the year. The problem of inflation was dealt with by a person whom I consider to be one of the outstanding economists of Canada, Mr. Douglas Gibson, of Toronto, who is now General Manager of the Bank of Nova Scotia. I do not think that anyone, and certainly not Mr. Gibson, expressed any great alarm in regard to the immediate monetary situation, although each of us, I am sure, had in mind the possibly explosive nature of inflation on this continent, in certain eventualities in the future.

We are told by the honourable senator who addressed us yesterday that there are two available remedies which might be taken by the Government of Canada: one of them, an increase in taxes; the other, a decrease of Government expenses. One would think that the president of a bank that claims to have assets in excess of four billion dollars would be most inclined to "call the shot" and recommend either of these courses if he believed our economy to be on the immediate road to ruin. Indeed, did not the Leader of the Opposition in the House of Commons advocate about ten months ago a tax holiday of three weeks for all Canadians? I calculate that the revenue would have suffered to the extent of about $300 million. And I do not recall the honourable leader suggesting any curtailment of funds in the effort to dispel the recession and unemployment.

But if honourable senators opposite and, indeed, members of the Opposition in the other place, are in agreement with the multiple reasoning contained in the honourable senator's speech, and if they also believe that Canada is so completely on the brink of disaster created by monetary inflation, I would think that when the opportunity arrives, as it soon will, they will act consistently with the brilliant argument advanced by the honourable senator from Inkerman and vote in favour of an increase in taxation or a reduction in expenditure. However, it does seem to me that if these are the answers, Mr. Muir and Mr. Gill would have suggested them.

The stark fact is that although bankers and businessmen and politicians are prone today to issue these dire warnings of disaster, not a single banker will urge an increase in taxes and not a single politician will advocate a reduction in Government expenditure.

Hon. Mr. Euler: Oh, yes.

Hon. Mr. Thorvaldson: So I conclude by remarking, as I believe to be the case, that the present Government stands pledged to a policy of sound money, to the maintenance of stability in the purchasing power of the dollar, and the conversion loan was a progressive step toward the establishment of a firm foundation for the future financing of Canada's expanding economy.

Better than the evidence of disaster that we heard in this house is the economic forecast presented a few days ago by Prudential Life Insurance Company of America. It was to the effect that our gross national product would increase by no less than the large figure of 7 per cent in 1959 over 1958. That responsible forecast by itself is an assurance that, given reasonably good management, our dollar should continue to be sound, and this country's economic progress will also continue unabated.

I commend to this house a statement by the Minister of Finance in a speech he made a few days ago:

The danger of inflation exists as it has existed during the last 20 years. We will not overcome it by exaggerating it beyond all recognition.

Hon. David A. Croll: Honourable senators, may I first say to the mover (Hon. Mr. Pearson) and the seconder (Hon. Mr. Choquette) of the Address in reply to the Speech from the Throne how well they acquitted themselves in the reasoned speeches they gave. They have already been praised many times. Some of the members who have spoken are pretty good judges of speeches. I merely add my words of praise to those which have already been so well expressed.

I join in welcoming the new members of the Senate and I tell them that they will find us to be comfortable colleagues. They will find in this house enough scope and opportunity to use their talents in good causes and good government.

I also give them a word of warning, that the mood of this house changes and reflects the country from time to time in fewer and shorter speeches than in the other place. For instance, last session we on this side were hard put to discuss matters that would be profitable from the way we saw things. We

exercised a great deal of caution. This session we are surrounded by problems. You can pick on any one of them and give a pretty good speech, and it doesn't have to be advocacy. You can deal with real problems. You can talk about trade, unemployment, inflation, defence, parity prices, freight rates and deficits.

Last night we were privileged to listen to a devasting attack on inflation and the fiscal policy of this country, which was not intended to and did not do the Government any good.

We find the house a little less bellicose than it was last session when challenging statements were thrown across the floor of this chamber. In his speech in the present debate the honourable Leader of the Government (Hon. Mr. Aseltine) displayed an attitude of "Let's work together." That's fine. He has always been easy to work with. The honourable Leader on this side of the house (Hon. Mr. Macdonald) has said the same thing and carried out the same policy. I just can't resist the opportunity to remind my friends on the other side of the house about something that has happened. The honourable Leader of the Opposition quoted the debates of 1921 when the Conservatives were in the majority in the Senate and the Liberals were in the minority, and when in the other house the Government had a Liberal majority. The Conservative leader of the Senate said he would co-operate. He did co-operate to a point, but when the Old Age Pension Bill was sent over here from the Liberal House of Commons he made sure it was defeated. That was rather bad judgment on the part of the Conservative Senate. I hope that we will not in any way emulate their judgment. My honourable leader, speaking of unemployment and inflation, having particular reference to the policies of the old Government which was facing up to the problems, was suddenly interrupted by Senator Brunt with this interjection that appears at page 33 of *Hansard:*

> He could not get re-elected on that policy—

Meaning that the Government could not get elected on that policy. That statement in its own way typifies the basic differences in philosophy between the parties. We stood for principle, whereas the Opposition made promises. I have been a politician long enough to understand that political seduction by way of reckless promises and puffing of issues is understandable in the hustings, but it has no place in Parliament, and it won't pay dividends to the people who are attempting to carry out those irresponsible promises. Easy answers to hard problems will give you the worst of both worlds.

There is another example. The Leader of the Government in his speech very carefully selected the material that he presented to this house. But there happens to be an old political pro on this side, the honourable member from Halifax-Dartmouth (Hon. Mr. Isnor) who—and this I have seldom seen done before—asked the honourable leader this question, as appears in *Hansard* of January 27, at page 45:

> Honourable senators, I wonder if the Leader of the Government (Hon. Mr. Aseltine), after having painted such a bright picture of Saskatchewan, would explain why the gas station operators showed a decrease of something like $2 million in their receipts?

The answer given by the Leader of the Government was as follows:

> I did not mention any of the decreases, I was mentioning the increases.

In that one question my friend from Halifax-Dartmouth demolished and shattered the effect of the leader's whole speech. I thought that was Parliament at its very best.

I do not think that any speaker rising to discuss the problems of this country can avoid or should avoid speaking about unemployment. Yesterday's report from Victoria, British Columbia, indicated that already there have been some hunger marches to the Legislative Buildings. The Government reveals that early in January 749,886 people were registered with the National Employment office as looking for work, an increase of 175,649 over a year ago. That indicates that one out of nine people in this country is out of a job. These are Government figures, and they are bad enough speaking for themselves, but they do not make provision for the following three classes of people that are not included in the calculation, and never have been, namely: (a) the fishermen; it is estimated that there are likely to be 30,000 to 50,000; (b) those who have exhausted their benefits, and there are very many of these; and (c) those who are working less than 35 hours a week. It is estimated these classes may raise the total by another 100,000.

Bad enough as this is, the unemployment insurance fund, which at its peak reached $926 million, hit a new low of $625 million as of December 1, which indicates that the fund may well be in serious trouble and something will have to be done quickly to augment it either by increased contributions or the further involvement of people who are not now covered. These unemployment figures are statistics which actually represent people, and they have reached alarming proportions.

Those of you who have taken the trouble to read the press reports on the Congress of

Labor brief, or who have read the brief itself, realize that the union drive for wages will continue because it is the only way they feel that they can maintain purchasing powers in this inflationary period, that the best way to fight inflation is to put idle capacity to work. I know that a great deal of blame is being placed upon labour for price increases, but union wages actually bear an infinitesimal proportion of responsibility for the rises. There has been a decided attempt to make them the scapegoats. Unions, if they are at all responsible, cannot remain passive while the living standards of their members erode and while retail prices are making dashes for freedom. If you listened to the members of the Government you would almost believe that we are being favoured by a booming recession, whereas the fact is that Government policies have brought fear where there should be faith. The Government has finally admitted that there is serious unemployment, but what it is saying to the unemployed is that they are in fact employed on a deseasonalized basis. Yet the longer people are out of work the less likely they are to return to the work they were formerly doing, so we may even face the probability of a permanent pool of jobless as a carryover from the recession.

A moment ago we were talking about inflation. I had not intended to say too much on this, but since the matter has been raised again and I have so glowingly praised the speech of the senator from Inkerman (Hon. Mr. Hugessen), let me say I agree that inflation flows from policies that we know to be wrong, and it is within the power of the Government to correct them. My friend the senator from Winnipeg South (Hon. Mr. Thorvaldson) was speaking about the conversion loan, and he said it was done on the considered judgment of the Minister and eight top officials. They are the same people who advised Walter Harris—and look what happened to him. If they were wrong before they could very well be wrong now. The senator says that the banks, insurance companies and trust companies have not been critical of the conversion loan. But they are not the kind of people who bite the hand that feeds them. They do very well. However, I will tell you one thing they have been doing. They have been screaming from every platform, and in every newspaper, in the annual bank reports, and by every conceivable advertisement, about the inflation, real or otherwise, in this country. They think it is real.

A good deal has been said about interest rates. Whether the conversion loan raised interest rates or not, I can quote one authority—Fred Gardiner, the mayor of Metropolitan Toronto, who had to do considerable financing immediately after the conversion loan. He tried to do the financing in this country and did not succeed very well, so he went over to the United States and found that he had to pay through the nose. When he came back all he said was, and I will quote him: "The Government has loused up the money market." I do not know by what authority he spoke, but he was very expressive. When we find the largest city in Canada paying 5½ per cent interest we have got to look around and see just what is the trouble. No one can foretell what interest rates will be in the future. They could be considerably lower, and it could be argued that they might rise. No one knows which way they will go. The point made by the honourable senator from Inkerman last evening—and I waited to hear the honourable senator from Winnipeg South refute it—was, as he said:

> —during the year this Government issued a total of new bonds in the amount of $1,190 million; and of that total how much do you suppose the public has taken? Twenty-eight millions.

Having said that in defence of my friend, I must say that I think people like a little inflation. Some inflation resulting from natural development must be understood and tolerated, but we have no assurance that the present creeping inflation will not become runaway inflation. If this is a Government-fed inflation, then it is possible we may be in the midst of a controlled inflation, which may be much less harmful than we anticipate. The time has come for the Government to take action. I am no economist, but I know this, that if our credit falters an embittered public will deal with those responsible at the very first opportunity.

We have in this country at the present time both inflation and unemployment. In the past, we have had serious unemployment. We have dealt with it. In the past we have had inflation, creeping or otherwise, and we have dealt with that. But the present situation is unique. This is an economic paradox—both inflation and unemployment. That certainly was not part of the vision and it was not even promised. Everybody thought it could not be done, but they proceeded to do it and did it very quickly. We find unemployment and inflation are present, and thus it is the duty of every one of us, no matter where we sit, to repeat with stuck-needle repetition that these problems exist and they must be solved.

The Americans have taken a course that they describe as a balanced budget. Our

way appears to be the opposite. If I can guess what the Government will do I would say that it will try to spend its way out. I agree that the Government cannot refuse money for housing, airports, hospitals and other very essential services, but fiscal irresponsibility may lead to a tremendous burst of expansion for goods and services which may well start creeping inflation galloping and cause unemployment to expand almost to recession size.

I do not think that a balanced budget is a cure-all, but a controlled budget is another matter. It is not money deficits we are suffering from today—we are suffering from deficits of decisions that ought to be made in high places.

One of the great money-eaters in our country is of course defence. The policy of defence, as well as defence spending, is both confused and misunderstood. I think we have come to the time when we must ask ourselves if national defence is possible in this day and age and in existing circumstances. Do we need manned interceptors or can we rely on missiles? If we need manned interceptors, how are they going to be acquired? Can we afford them? We have to deal with the question of the Avro Arrow airplane. If we need missiles, how are they to be acquired? Can we afford them? That raises the question of the Bomarc.

A few days ago the Prime Minister objected to the lobbying and the pressures that were employed by those people who are concerned and interested in the production of the Arrow. Those of us who have been around here before yesterday know that when vital issues arise in this country these hallowed walls are crawling with lobbyists. They are here on a permanent basis, and they have been here for a long time. Lobbying is not a new profession to Ottawa. It is a way of life, and I am told it is a very pleasant way. As a matter of fact there is a great need for lobbying right here, the strongest possible lobby, to offset the aviation and the electronic lobby in the Pentagon at Washington. Decisions are being made there which ought to be made here. I am not part of that lobby. I have not discussed this matter of the Avro Arrow with the management nor with the union officials, officially or unofficially. I am concerned with our national defence and its cost, and with unemployment and its related problems of inflation.

Let me give you an example of American lobbying that recently took place and brought a protest from the British Government. We have protested to the United States so often on so many matters that the procedure has become routine and they probably are buying an extra cabinet in which to file the protests away. A bid of the English Electric Company offered to build turbines for the United States Army in Arkansas for $1,450,000. The contract was let to a Philadelphia concern for $1,750,000, which was 19 per cent higher than the bid of the English Electric. It was explained that this was done because of the Buy America Act, under which the United States Government buys from domestic suppliers when the foreign bid is not more than 6 per cent lower. In this case it was 19 per cent lower. That act, which vitally concerns us in Canada, is used as a protective tariff, and it means to them whatever they want it to mean under any and all circumstances. Some of you may have been interested in reading in American periodicals that a Representative from the Philadelphia area in Congress boasted that his lobby had succeeded in keeping the business in Philadelphia—at an increased price of $300,000. We need to offset the lobby that is constantly going on at the Pentagon. I do not profess to be an expert on defence. I am a run-of-the-mill expert. But there are men who know something about defence, because it is their job and they have given it their life. I will quote a few of their opinions:

Air Marshal Curtis, former Chief of the Air Staff: "Canada must never again be dependent on outside sources for first line aircraft".

General Earl Partridge, of NORAD: "Manned interceptors will be required in air defence; the day of the manned fighter is far from over."

Air Marshal C. Roy Slemon, second in command of NORAD, "...inescapable requirement until USF.108 chemically powered is ready in 1964. The interceptor's task, particularly in the fringe areas of air defence system such as Canada, favours long range two-seater interceptors".

General Pearkes, Minister of National Defence, speaking before a committee: "Bomarc will not replace manned interceptor, which is supplementary."

Major-General W. S. Macklin, retired, says the jets "will not give us defence, nor will the Bomarc, two useless corks."

That is all I am able to learn from men who appear to have knowledge of the subjects and are prepared to speak about it. There are great numbers who are not in a position to speak as openly as did Air Marshal Slemon.

Canada has already invested $400 million in the CF-105, the Arrow: it is a supersonic, manned fighter to combat invading forces. The reason given by the Prime Minister not to suspend the contract for the Arrow in

September was mainly that there was a dangerous situation in Quemoy and Matsu which might have led to war. If it had led to war we would have required both the Arrow and the potential of the airplane and the electronic industry.

Last week evidence was given before the United States Senate Committee by the Secretary of Defence McElroy that the United States was two or three years behind the Soviets in the rocket race. He referred to it as the missile gap. So, suddenly it is admitted that the balance has shifted in favour of the communist world. What he has in effect said is that we lack the capacity to retaliate with rockets in large numbers and we will not catch up for two or three years. Thus, if the communists decide to use the ultimate weapon, it is curtains for all of us. Yet that is not quite true, since we have bases which can strike at the communist world from many directions through NATO. They too face a similar fate.

I am one of those who believe that the communists will not use the ultimate weapon. I remind the house that during the last war both sides could have gassed or germed each other, if either had decided that was the course it wanted to take. For the present the United States is relying on its superiority in long-range atomic bombers, and the Soviets and the communist world are hurrying to overtake the United States. But it will take them two or three years to catch up.

Thus we sit in a situation that is fully as dangerous as was that of Matsu and Quemoy. If war breaks out within the next two or three years it will be the atomic bombers that will be used.

Now, it is true that in the DEW Line by radar and other scientific contraptions we could locate almost a gnat coming over, but we couldn't stop everything. We are told that up to 10 or 15 per cent of the objects coming over would get through, and we have no anti-missiles missile at the present time. So we need a supersonic interceptor to cope with them. That is what all these people have said, with the exception of General Macklin. We in Canada would be in the front line.

There are three possible interceptor planes: the CF-105, which is the Avro Arrow; the F-106, the American Dagger; and the F-108, an American craft, which will be ready in 1964—that is what Air Marshal Slemon said.

Now consider this: the Arrow is a two-seater plane, with a range of 1,500 miles, a speed of 1,400 miles and a ceiling of 60,000 feet. It has great fire power, it is manoeuverable, can carry air-to-air missiles, and until it is shot down it can make many sorties. The F-106, the Dagger, has more speed, but it has less range, a lower ceiling and less fire power. The Americans have stopped producing the Dagger, but they said that they would license the Canadians if we wanted to produce it. The F-108 is an American plane, chemically powered, with a range of 1,000 miles, a speed of 2,200 miles an hour, a ceiling of 75,000 feet, and it will have great fire power. But that plane is now on the drawing boards, and will be ready at the earliest in 1964.

No special type of interceptor is available in any other place. We have to decide what we will do in the interval if we don't go on to build the Arrow. The Bomarc, which we have accepted, is a defence missile; it has a range of 200 to 250 miles, which could be increased to 400 miles; it has a speed of 2,000 miles an hour, and a ceiling of 75,000 feet. It is an unmanned interceptor with complicated gadgetry, subject to malfunction which, they say, is about 50 per cent. That missile can be decoyed, spoofed and actually fooled. It is a one-shot weapon: once it is fired it can't change its course and it does not return. For this country to build a Bomarc wall would give us about as much defence as would the Great Wall of China, or a Seigfried or Maginot line, and it would be just as foolhardy. It may be that missiles will take over—that is years away.

Every one in this chamber heard the talk immediately after the last war that the push-button boys would take over, that there would be no further need for the infantry. Well, the people who said that were wrong. They were wrong in Korea, in Sinai, Lebanon, Jordan and Indonesia. It has been proven that infantry has a future, but to leave Canada without air power would be a national disaster.

I think it is time for us in this chamber to face up to realities. Let us face up to the fact that the missile effort is beyond our means. The United States and Russia can afford it. If the Arrow is scrapped, Canadian dependency on United States military power will be unprecedented in Canadian history, because our role will then be to operate the ground radar defence system and Bomarcs. We will then become a buffer state. The United States is merely using us to protect her Strategic Air Command.

It has been our declared policy that our greatest effort should be made in the air. That is where we can contribute the most. NATO's long-established policy has been to rely on deterrents, a certainty of massive and instantaneous retaliation in the event of an attack. The cost of that defence is

astronomical. I quote from the speech made by the honourable senator from Hanover (Hon. Mr. Brunt) in this house on Thursday, January 29. These are figures he gave: The Atlas missile costs $35 million, and missile programs for the United States will involve an aggregate of $7 billion. The atomic submarine costs $50 million apiece, and a super-atomic submarine will cost $150 million. Fighter aircraft are priced at 50 times as much as the fighters of World War II. Another unspecified type of bomber will cost, as the President put it, its weight in gold.

We in Canada cannot participate in the costly nuclear rocket race between the United States and the Soviet Union. It is too rich for our blood; we cannot afford it. I think it is time to face facts. If the United States feels that it needs missile bases in Canada for its own protection, let it come and build them, and at its own cost maintain, man and operate them. The question of sovereignty does not arise here any more than it arose as a result of the building of United States missile bases in Britain, France, Italy, Turkey, and other countries. These bases can be built in Canada, subject to similar arrangements. The United States can pay for them. Do not forget that we have built aerodromes in France and in Germany, and we have air bases there. We have apartment buildings to house our people, buildings to house our stores, and we have stationed an air division in Germany. There has been no question of sovereignty.

The declared Canadian policy has been to prevent a nuclear war from developing. We think that conventional forces are of great importance. We need to develop a less risky form of co-existence than rocket-building. Yet we have a role to play as an independent sovereign nation dedicated to stand by our friends and fight if necessary to preserve our way of life. Our only possible role is in the use of conventional weapons. That is all we can afford, and there is some question whether we can afford even that. Certainly we cannot permit ourselves to go broke in protecting a sovereignty which is not in danger. By building the Arrow we shall have the finest plane of its kind in the world today. It is the best contribution we can make, and to cancel it out would give us less in defence, more dependence on the Americans, and deal a death-blow to, or certainly cripple, the aviation and electronics industries.

It is said that the Arrow is too costly. The estimated cost of 100 Arrows is $350 million, and 100 more can be had for an additional $250 million. The Bomarc costs $750,000; it is a missile, a one-shot weapon. The Arrow can continue to do sorties until it is shot down; it can take on many targets; it can remain in constant communication until it takes on a target; and it can change its course. The Bomarc can do none of these things. There is another consideration which, in these days when we are spending fantastic sums of money, is important. Of every $100 spent in the defence of Canada, $65 is recovered by personal and corporation taxes, so the actual cost to the country is no more than $35. Whereas $100 spent by us on an American defence product is $100 lost to the economy of this country. The production and purchase of the Arrow is not a case of throwing good money after bad, but of protecting our country and our investment in the industry and our future. It means an actual expenditure of $90 million a year for the next four years, by which time the F-108, an American chemically-powered supersonic plane, will be ready.

I know that in the back of many people's minds is the thought that the United States has refused to buy the Arrow. That is true. To a large extent that stems from the fact that the powerful United States aircraft and electronic manufacturers have, under various American statutes, prevented the United States Government from buying defence equipment from anybody else. They would rather have overproduction in their own country and sell some of the surplus elsewhere. They are reluctant to acknowledge that we can do anything as well as they can. If the United States should take over the air defences of North America, our airplane and electronic industries will go out of the window. When we need them in the future they will not be there. As a nation we have an investment of $15 billion in topflight industrial plants with engineering and technical facilities. We have assembled and developed here the finest scientific and technical skills, and we are endangering their prospects and increasing unemployment. There will be a loss of brain power to this country, a loss of purchasing power and a loss of taxes, and there will be an exodus of electronic engineers and other highly skilled technical people. After the first announcement by the Prime Minister in which the final decision on the Arrow was put off, the American consul in Toronto literally ran out of application forms for visas. The office just didn't have enough paper, and lines of persons waiting for interviews to make application to leave the country formed 400 feet deep. The Canadian industries that are affected are important: they include R.C.A. Canada, Westinghouse, Canadian Marconi, DeHavilland, Canadair Ltd., Aviation Electronics, Sperry of Canada and Rolls-Royce of Canada.

There are 43,000 people directly employed in the aviation industry. Some of these big companies have already begun the transfer of personnel to the United States, and that country is capitalizing on the uncertain future of aviation and electronics in Canada.

Other Canadian industries cannot absorb the displaced skills. It is all very well to say, "Let the displaced people use their skills in other endeavours." These people cannot go out and make cuckoo clocks or hula hoops. If the engineers go, the toolmakers, patternmakers and craftsmen will follow. When the announcement was first made, 150 toolmakers were laid off. Fifty-seven firms were contacted for jobs, and four jobs were obtained.

This airplane industry has been built up over a long period of time and we ought not to sit by to see the rug pulled from under it, particularly when it offers us defence, as good as anything the Americans provide in the conventional field. We might as well face it—for subsidies is no longer a nasty word in this country—the airplane industry must be subsidized to some extent in the same way that in another day and in another time the automobile industry was subsidized. There was then a great argument in this country: Should we or should we not give the automobile industry in this country protection? Many said no and others said yes, and finally we decided to have an automobile industry. It has been a good thing for us.

In order to have an aviation industry there must be a military requirement to dream up the fantastic future that these planes have. Commercial airlines cannot afford them. The Viscount, which is the most popular plane in Canada, has a turbo engine which was originally developed in Britain for the military, and it is now being adapted to commercial use at a price commercial users can afford to pay. The same thing is true of the British Comet. They spent millions of pounds—not dollars—developing it. The American jets and supersonic planes are adaptations of the military Boeing 707. The French have a plane called, I believe, the Caravelle, which was developed in the military and then turned over for commercial use.

These mechanical teams, and they are teams in this business, took years to develop. This country needs new industries and we cannot go on selling pots and pans. China, India and Africa can do that as well as we can, and they can do it cheaper. As years go on we shall be making less because we cannot meet the lower costs. We are better off to let them make the pots and pans and we will buy from them. We can make the precision goods, the kind of goods we are fitted to make and the kind of goods we know how to make. We need a national industry where know-how, precision and research are paramount. Our mechanical industry in Canada has now grown to a point where the world recognizes that we are able to produce what any other nation can produce. The demands on the industry have made it grow up. To meet the requirements the industry has developed in the respective fields precision instruments never before known.

But as always, we in Canada suffer from an inferiority complex. We should be shouting our achievements and attainments from the housetops, yet in all the talk we have heard about the Arrow no one has suggested that in its field there is no better plane. If we kill the Arrow it may seem like a mechanical sacrifice, but it will be more than that. We shall be killing the future of engineers, narrowing the scientific horizons of our people, and reducing our defensive power.

We in this country have a new breed that knows how to talk the language of science and has the technical ability to produce that which is producible. But we have always had limited scope and limited money, and mechanically we have been a leaping-frog nation. We buy what is produced in some other place and then we develop something better. We have had to do that in order to sell our products. That is one of the reasons why Canadian engineers have had to be more creative.

We spend for welfare purposes in this country—dominion, provincial and municipal—$2 billion, and for armament we spend $1,750 million. The social revolution is not finished. It must go on, sometimes slower, sometimes faster, depending on the mood of the people. We must admit, and it might as well be said here as in any other place, that our economic system needs some military production to prop it up. We might as well face reality. We are not alone in this respect. Sixty per cent of the American budget is spent on military requirement. In Britain, I think, 35 per cent is spent on military requirement, and in France almost 50 per cent. In this country it is 31 per cent. Goodness knows how much the Soviets spend, but it must be far more than the Americans. So when the Communists talk about our needing military requirement to prop up our economy they are merely talking out of one side of their mouth, for they need it more than we do.

We need to develop an aviation industry. We have a vast country with sparsely settled areas. We need to push back frontiers and develop our natural resources. We must not forget that both Kitimat and Quebec Labrador iron ore depend on air transport. Civil aviation depends on military trail blazing.

I have already stated that the Viscount, the Comet and the American commercial jets are all subsidized, and they all came from the military. Other countries subsidize both design and development. Only Governments can afford such subsidies. Recently there has been some raising of eyebrows by Canadians at the presentation of the brief by the union people to the Government of Canada asking it to continue production of the Arrow. Their approach was that their jobs were in jeopardy. I approach it from the point of view of defence, for nothing better than the Arrow exists and it is something that we can afford.

I have always felt that a Government has a responsibility to the people to provide opportunities of employment, and I think it is a far-reaching responsibility. So when these people are fighting for their very existence it is something that should concern all of us. It is well to know that in the recent collective bargain agreement made between American Ford and General Motors and the union there was a clause providing that if the companies abandon any of their plants they must pay their workers severance pay. In other words, the companies could not just leave a community and say, "We are closing the plant". There is a responsibility on the employer.

I don't hold that there is in this instance a direct responsibility of Government. I am not carrying this contention that far, but I am saying that there is a concept that is new and it must not be lost on us. We are a new country. We need new industry. Sometimes industry in its infancy has to be subsidized. I have already indicated what other countries are doing. We are concerned not only with industry but with people who have built homes and communities and who had hope and faith in their future. These are skilled and technical people who are hard to come by. At Malton, just outside Toronto, they have a payroll of $14 million a year, with property taxes of $1¼ million a year paid by the company and homes.

The Prime Minister has told us that the communists have already declared an economic war; in his words, there is a "terrifying Red trade offensive". I agree with him that the economic fight of tomorrow is going to be rough. We should leave no stone unturned to share in what aviation and electronics will bring to that world. We cannot afford missiles and we cannot afford rockets. We can afford the Arrow if it is needed and useful, and it is both. It is the only plane capable of doing what we need to do in the protection of our own country. It is the best plane of its kind in the world. We need it for defence, and we need it as a symbol of our great achievement.

On motion of Hon. Mr. McDonald, debate adjourned.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 27 to 49, which were presented on Tuesday, February 3.

Hon. Mr. Roebuck, Chairman of the Committee, moved that the reports be adopted.

Motion agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, February 5, 1959

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

Prayers.

DIVORCE

PETITIONS

Hon. Arthur W. Roebuck: Honourable senators, I present 18 petitions for divorce. These make a total of 288 petitions presented so far this session.

PRIVATE BILL

BOILER INSPECTION AND INSURANCE COMPANY OF CANADA—FIRST READING

Hon. William R. Brunt presented Bill S-8, respecting The Boiler Inspection and Insurance Company of Canada.

Bill read first time.

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

Hon. Mr. Brunt: Honourable senators, I would appreciate it very much if, with the permission of the Senate this bill could receive second reading on Tuesday next. My reason for making this request—I might as well confess it—is that I hope to leave for a short holiday and I would like to have the bill read the second time and referred to committee before I leave.

Hon. Mr. Macdonald: In any other circumstances we would agree!

Hon. Mr. Brunt: With leave, I move that the bill be placed on the Order Paper for second reading on Tuesday next.

Motion agreed to.

CANADA SHIPPING BILL

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the first report of the committee on Bill S-3, to amend the Canada Shipping Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the bill (S-3), intituled "An act to amend the Canada Shipping Act", report as follows:

Your committee recommend that authority be granted for the printing of 800 copies in English and 200 copies in French of their proceedings on the said bill.

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

Hon. Mr. Hugessen: With leave of the Senate I move that the report be adopted now.

I would like, if I may, to make one statement to honourable senators about this. The bill is arousing a great deal of interest among the shipping fraternity, and this morning we had a large number of people before the committee, who desire to be heard. The committee has therefore decided to set aside the whole of next Tuesday for consideration of the bill, and has adjourned until Tuesday morning next at 11 o'clock for that purpose.

Motion agreed to.

PRIVATE BILL

CANADIAN MEDICAL ASSOCIATION—REPORT OF COMMITTEE

Hon. Paul H. Bouffard, Chairman of the Standing Committee on Miscellaneous Private Bills, presented the report of the committee on Bill S-5.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred the Bill (S-5) intituled: "An Act respecting The Canadian Medical Association", have in obedience to the order of reference of January 29, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Joseph A. Sullivan: Honourable senators, with leave, I move the third reading now.

Motion agreed to and bill read third time and passed.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 76 to 82, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

CANADIAN BROADCASTING CORPORATION

On the following notices of inquiries and motion by Hon. Mr. Pouliot:

Inquiries:

No. 1.

1. Who are the producers of the Canadian Broadcasting Corporation at present on strike, and what

amount was paid to each of them by the C.B.C., and for what programs?

2. What was the total cost of these programs on television?

No. 2.

What salary was paid to each artist of the Canadian Broadcasting Corporation from January 1, 1958 until December 31, 1958?

No. 3.

What amount was paid to the Canadian Broadcasting Corporation by each sponsor on television, from January 1, 1958 until December 31, 1958, and for what programs?

Motion for:

Copy of the form of contract between the Canadian Broadcasting Corporation and the producers.

Hon. Mr. Aseltine: Stand.

Hon. Jean-François Pouliot: Honourable senators, if I may be permitted, I would tell the honourable Leader of the Government (Hon. Mr. Aseltine) that the replies to these inquiries and to this motion will do more for the settlement of the C.B.C. producers' strike than any intervention by the union leaders. They are afraid that we might find out how much is paid to the producers. Let us know.

ADJOURNMENT

Hon. Mr. Aseline: Honourable senators, I move, with leave, that when the Senate adjourns today it stand adjourned until Tuesday next, February 10, 1959, at 8 o'clock in the evening.

Motion agreed to.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

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

Hon. John A. McDonald: Honourable senators, I desire to associate myself wholeheartedly with the remarks which have been made concerning the mover and seconder of the Address in reply to the Speech from the Throne. I would also like to join with other honourable members in extending a cordial welcome to the three recently appointed senators.

A great loss was suffered by Parliament and the country at large during 1958 in the passing of Senators MacKinnon, Nicol, Hawkins and Marcotte, four outstanding members of this house and fine friends of those of us who have known them through the years. I wholly agree with all that was said by those who so eloquently paid tribute to the memory of these fine gentlemen who gave generously of themselves to the public service.

May I also, honourable senators, on behalf of those who suffered loss of loved ones and friends in the mine disaster at Springhill in October last, extend thanks to the people of Canada, the United States and abroad for the very practical and generous way in which their sympathies were expressed. Something over $1½ million was spent voluntarily for the benefit of those who were bereaved. As a result of that disaster we have today in Springhill hundreds of miners who are able and willing to work but are unemployed and living from day to day with the hope of a word of encouragement from their employers, the Dominion Steel and Coal Company, a subsidiary of the A. V. Roe Company. They are waiting for heartening news of further work that they might do. I might say that this company has already offered them about 200 odd jobs at work away from home.

I am sure that, like myself, many people have been hoping that a new mine might be opened at Springhill, perhaps on the east side nearer to old No. 4, and one which would be safer than the No. 2 mine, the only one operating at the time of the upheaval last October. I have not been able to find out whether the Government has definitely decided it is not practical to open another mine, but there are many people who still believe it is. To ease the minds of the people of Springhill I think that as soon as possible a decision should be made and some definite statement given out, supported by the most competent mining engineering authority it is possible to secure. It has been the hope of a great many people, including myself, that if a mine should be opened it would be feasible to establish a thermal power plant at or near the pithead; but I am not competent to say whether or not the power generated at such a plant could be used to advantage. This is another matter which appropriate government services could inform us definitely on.

We would hope, of course, that it would be practical to give these men employment in a safer mine in the kind of work for which they are already trained, but if that is impossible then we would hope new industries could be moved in or developed so that the miners will be able to stay in Springhill, thus saving this fine town. If this is not possible then the sooner we take prompt steps to start a vocational school at Springhill the better. The nature of the vocational courses could be decided by the miners themselves, and I would think many of them would be interested in taking short courses in poultry, gardening, and in the production of

small fruits and vegetables. Many honourable members know how it stimulates morale to be able to go out to the garden and grow one's own vegetables and keep the grounds looking well. It is something like that that these people need, and the courses I have spoken of, in poultry, gardening, and raising small fruits and vegetables, would be serviceable, no matter whether the miners remain at Springhill or move away.

I desire most sincerely to compliment His Honour the Speaker and our two leaders for the outstanding service they are rendering to this house and to the nation. I hope it will be possible for our Leader of the Government in the Senate (Hon. Mr. Aseltine) to bring here for introduction more important legislation this session. That is one way at least that we can still render even greater service than in the past, and by doing so we can save much time and discussion in the other place.

May I also at this time express the hope that the Committee on Land Use will be re-established and asked to finish its work.

I am sure that this house was ably and honourably represented at the World's Fair in Brussels by our Speaker, and more recently at the Joint Parliamentary-Congressional Committee meeting at Washington, at which the Speaker of the other place also and members from both houses were present. We hope that a precedent was established for many more such gatherings in future. Indeed, they are well off to a good start, in that the next meeting, I believe, has already been planned to take place on Canadian soil at about the time of the official opening of the St. Lawrence Seaway. If proper thought and planning goes into the preparing of the agenda for these meetings they should be of great help in maintaining the friendly relations that mean so much to both nations. At these friendly council tables, misunderstandings may be cleared away; the meetings should prove to be helpful in settling trade problems and in making very necessary plans regarding joint defence. Canada, at least, should be associated also with the nations of Western Europe in their plans for freer trade, as the honourable member from Shelburne (Hon. Mr. Robertson) has clearly shown.

I trust that our Speakers' Joint Parliamentary-Congressional Committee at ensuing meetings will give much time for discussion to the very important problems concerning the disposal of the surplus food products of the two countries. Under democratic forms of government, with the required stabilization of prices and favourable production conditions, surplus foods are almost certain to increase, and therefore the need will become even more acute for the United States and Canada to dispose of these products in an organized way without seriously interfering with the marketing abroad. We are proud that Canada has been in a position, as has the United States, to assist less fortunate countries under the Colombo Plan, and I hope that we can carry on to completion the projects now being undertaken; but if there is a possibility that we can increase our contribution, would it not be wise to have at least a part of that assistance given in the form of surplus foods handled by an international disposal marketing board? If some such plan could be made operative it should end the criticism that one country was interfering with the orderly marketing abroad by the other.

As the Minister of Agriculture has already intimated, the Price Stabilization Act, and the manner in which it is being administered, will always have to be carefully watched, in the best interests of the primary producers as well as the public treasury.

In one paragraph from the Speech from the Throne we were advised that:

> —A measure will be laid before you to institute a system of crop insurance in co-operation with such provinces as so desire. You will also be invited to make a comprehensive review and revision of the legislation concerning farm credit, in order that credit may be more effective in assisting in the development and maintenance of an efficient and prosperous agriculture.

I wish to commend the Government for this statement, and I would like to take this opportunity of thanking the Government for having this legislation introduced early in the session so that the farmers who require additional credit in order to carry on successfully this year may be in a position to plan their work before seeding time. There are still many farmers in eastern Canada who must increase production if they expect to continue to operate successfully, in this the best of all occupations. Some of these require improved machinery, others good livestock, and still others may require to increase their acreage in order to keep their expensive equipment operating long enough to produce sufficient to make their units economically sound. Of course, there may be some who would require assistance in more than one of these ways in order to make economic units.

Honourable senators, I have before me a copy of a brief that was submitted recently by a committee representing the agricultural interests of the province of Nova Scotia to federal members of Parliament from that province, and I wish to read a paragraph from the brief in this connection:

> Drastic changes have taken place in farm loan requirements. At one time, the greatest demand for credit was for the acquiring of land and buildings. Even as late as 1931 land and buildings con-

stituted 77 per cent of the total farm value in Canada. For that reason, no doubt, farm credit in this country has been based upon the value of land for agricultural purposes. Today, land and buildings comprise not more than 50 per cent of total farm value. The other 50 per cent is in stock and equipment. It is obvious therefore that our concept of farm credit policy, even 20 years ago, does not measure up to present day requirements.

The expansion of farm units in our province to make them economic units depends on availability of adequate credit—

(1) To assist farmers now operating to extend production in line with the needs of the province in livestock and other farm products;

(2) To assist young farmers to become established on farms that will give them a reasonable income;

(3) To develop agriculture as a basic factor in our provincial economy.

May I say, honourable senators, that the history of Government loans to farmers shows that there is very little risk involved in loaning public funds to farmers who have agricultural education with experience and who are approved for loans by appropriate officials of the departments of agriculture as being applicants who can be assisted to produce economically. In order to produce economically today, farmers must follow most approved scientific methods in production and sound business principles in marketing. For this reason I am pleased to notice that more and more emphasis is being placed on farm management. It is to be hoped that farmers more generally will soon realize the wonderful assistance that they may receive for the asking from capable farm management and extension workers from the provincial departments of agriculture. As I said at one time here recently, I know of no greater service that the provincial departments of agriculture can render in this country than by securing properly trained, well-equipped men to carry on this important work of offering farm mangagement and extension services to our farmers.

Canada has excellent agricultural colleges. We have one of them located in Truro, with a most competent staff. Although it is encouraging to note an increase in attendance, the number taking its courses from the Atlantic area should be doubled, and I have faith that many more will attend when young farmers fully realize that it is so very important to have the advantages that this training can give them. As I have said at other times, earnest agricultural college graduates invariably make successful farmers and usually become leaders in their communities.

The outstanding achievement last year by the farmers in my province was the successful completion of their campaign to finance, with the assistance of the provincial Government, the erection and equipping of an up-to-date abattoir. A contract was recently signed for the building of the plant, and the farmers are now organizing for the all important step in this venture—that of supplying hogs and cattle for slaughter in sufficient quantities to keep the business operating successfully. I feel certain that they can do this if they have the will so to do, provided, of course, that the federal Government will continue—better still, make permanent—its policy of assisting with the freight costs on feed grains. We sincerely hope that a way may be found of relieving our people of the most discouraging event that happended to us in 1958 transportation, that of a 17 per cent increase in freight rates; but we are grateful that this increase is already taken care of by the government so far as the freight on feed grains is concerned.

Our farmers increased their production of pork by over a third last year, and with the advantages of being in a position to sell graded meats with a market at their door it is hoped that soon they will double their production; and this should also apply to beef. There is no country where grass and other green feeds grow more luxuriantly. This together with the fact that vast areas of marsh and dyked lands have been and are being properly dyked and drained, and the very helpful provincial department's pasture improvement policy, should encourage our farmers to keep the abbatoir going to capacity and enable them to sell top graded meats for better prices and supply consumers with the grades of meat of their choice.

It is very important that our Canadian Government join with the United Kingdom in an earnest endeavour to become associated with the Western Economic Community of Nations. Then, with the free convertibility of exchange in sight, the fruit growers, dairy producers and lumbermen would have reason to be encouraged. Just at present there is another difficulty that is causing a great deal of concern. I do not wish to be accused, honourable senators, of playing politics when I mention this; I am simply doing what I consider to be my duty in emphasizing, if I may, by repetition something that has been said so much better by those who have spoken before me, namely, the dwindling value of the farmer's products compared with the prices of those things that he has to buy. Too often in times of inflation the cost of the farmer's necessities, those things that he has to buy, go up in price faster than the prices advance for the things he has to sell; then when the tide turns and prices fall, the prices of the farmer's products fall first.

It would be definitely in the best interest of most Canadians for our Government to adopt and carry through a sound policy to curb inflation and improve our nation's financial standing. Many people are uneasy

about the future. If honourable senators on the other side of the house have any doubt about this, if they will just take a trip through the country and visit a lot of people they will find out that what I say is so. As has been stated, at no time before in our history has a Government been faced with the dual problem of curbing inflation and at the same time preventing unemployment, which unfortunately exists in much too large numbers at present.

I know that I should not criticize unless some constructive measures are suggested in return; but this is difficult, for we are not in possession of the facts which members of the Government have to aid them in forming a sane policy. We do know, as our leader (Hon. Mr. Macdonald) has intimated, that these problems have been kept under control in the past. There is, however, one suggestion that I humbly offer to all of us who are taxpayers in all parts of Canada, a suggestion which if adopted would make it much easier for all Governments, federal, provincial and municipal, to carry through strong and sound financial policies. This suggestion is that our people everywhere be more careful, even reserved, in their requests to Governments for financial assistance; in other words that we do not ask for public aid unless in a case such as I have referred to, where loans to primary producers are required to make economic farm units. Another example of where a request for additional public help was justified was the one made recently for the purpose of enabling thousands of miners to return and remain at work. But it has become too much a custom, when cash is needed for some community enterprise or development, to dispatch a delegation to the federal, provincial or municipal Governments for financial suport. Now, I do not doubt that members of these delegations are conscientious community workers endeavouring to carry through projects that are well worth while; but surely when we are faced with a most serious situation such as at present exists, when even Government bonds are sold only at a considerable discount, it is time for all to cease from asking for Government aid except in the most urgent cases. There is only one source from which Governments can secure the money to meet all these requests, and that, of course, is either directly or indirectly from the taxpayers. This fact should always be remembered. Is it not true that our politicians, on all sides, particularly just before elections, are somewhat to blame for the habit that our people have formed of going to Governments for assistance, when sometimes if we used a little more ingenuity and tried a little harder many of the proposed projects could be financed at home? One thing is certain, if we are to avoid disaster, either Governments must save more unnecessary expenditure or else raise taxes directly or indirectly, or both.

I have here a copy of an advertisement which appeared in one of our weekly magazines. I would like to read a couple of sentences from it:

> Where does the federal money come from? YOU. The Government has nothing except what it collects from you. And a lot of what it collects is wasted in the costs of collection. You'd be far better off if you paid for your own "benefits" direct.
>
> Of course there is one other place the Government can get money—by printing it. But that makes savings accounts, bonds, pensions, life insurance worth less and less; print enough and they're worth nothing.

The present situation is ably explained by Dr. Blair Fraser and by Mr. Bruce Hutchison in the January 31 issue of *Maclean's* magazine. These two gentlemen will have performed a really fine service for Canada as well as for those in power if these articles have the desired effect.

There was a recent editorial in the Halifax *Chronicle-Herald* and a similar article in *Canadian Business Magazine* suggesting that the time has come to encourage the purchase of Government bonds, so that our Government will not have to resort again to the exceedingly dangerous expansion of bank credit beyond what has already occurred. These articles suggest that the Government might help to swing the growing preference for common stocks to a greater consideration of bonds as an investment medium, by doing for bonds what was done in 1949 and in 1953 to encourage the buying of stocks through dividend tax credits.

Hon. A. Neil McLean: Honourable senators, may I take this opportunity to congratulate the mover of the Speech from the Throne, the honourable senator from Lumsden (Hon. Mr. Pearson), and the seconder, the honourable senator from Ottawa East (Hon. Mr. Choquette), upon their very excellent speeches. Their appointments were worthy additions to this honourable body.

I returned a few days ago from attending the Canadian Government Trade Fair in Kingston, Jamaica, which was held from January 16 to 25, and I thought this honourable house would be interested in hearing a report about this fair. I might say a similar trade fair will open in Trinidad on February 20.

I want to congratulate the Government of Canada on initiating this fine and useful trade fair. It was truly an historical event, as it was the first time, as far as I know, that such a Canadian fair, sponsored by the federal Government through the Department of Trade and Commerce, has been held in

the new nation that has joined our Commonwealth. It was a very worthy undertaking and it will do a great deal to promote the international trade of Canada, especially that of the Atlantic provinces, which have had a long history of commercial relations with the West Indies, going back two or three hundred years.

The fair was held at Sabina Park on the outskirts of Kingston, Jamaica, which, as we know, is a very fine city. Our Government spent considerable money in supporting the undertaking, and I may say it was money well spent, in preparing the grounds and buildings the fair would need.

The manufacturers, industrialists, exporters, importers and businessmen of our eastern provinces took a keen interest in the project and gave it their practical support. The Honourable J. Angus MacLean, Minister of Fisheries, who represented the Canadian Government, gave the speech opening the fair, and he made a very fine impression, as several Jamaicans spoke to me about how well his address had been received by the thousands of people in attendance. Sir Grantley Adams, Prime Minister of the new nation of the commonwealth, known as the West Indies, cut the ribbon that opened the fair. He was accompanied by the Premier of Jamaica, the Honourable Norman Manley, and several other notables. In fact the political leaders of the West Indies took a great interest in the fair, visited the grounds nearly every day and contributed greatly toward its success and from what I saw it was a great success. Sir Alexander Bustamente, Leader of the Opposition in Jamaica, was a frequent visitor, as was Sir Kenneth Blackburne, Governor of the Island. The executives of all the leading import and export houses of Jamaica paid visits to Sabina Park where the fair was held daily.

Scores of Canadian manufacturers and producers shipped their goods and products down from Canada and exhibited them in very appropriate booths. Large crowds of citizens not only from Kingston but from the surrounding country visited the fair each day and were greatly interested in the fine products Canadian exhibitors had to show them. The provinces of New Brunswick, Nova Scotia and Newfoundland all had excellent display booths. Many inquiries were received at all the respective displays from prospective importers and consumers about purchasing from Canada the goods that were shown.

The people of Jamaica greatly appreciated what the Canadian Government had done in sponsoring the fair and extended their co-operation to the utmost; in fact, there was no limit to their courtesy and generosity.

The daily press of Jamaica gave the fair excellent support. I have here clippings from the front pages of the *Daily Gleaner* and other papers which carried some fine advertisements every day the fair was on.

Those who came from Canada to the fair were very graciously entertained by the Governor, the banks, the shipping companies, the import and export houses, the clubs and many others; in fact, no day passed but there was excellent entertainment of some kind provided for the visitors from Canada.

One thing we were told was that shipping facilities between Canada and the Islands are not as good now as when the Canadian National Steamships were going back and forth between Canada and the West Indies. We were advised that a great deal of West Indies trade that should come to Canada is going to the United States on account of a faster steamship service; and, though Canada has a substantial preference in the West Indies market, there are often times when importers have to have their goods promptly to fill orders and are willing to pay a higher duty on such goods from the United States when needed quickly. I was asked several times what was going to be done with the Canadian National boats which were supposed to have been sold to Cuba but are still tied up at Halifax. They are also very anxious to get a direct line for air express from eastern Canada to the West Indies. I was surprised to see so much air express—such items as refrigerators and machinery—coming from the United States, but at certain times they cannot wait for orders to come by steamship from Canada.

It is self-evident the West Indies have a wonderful future and we should keep in closest contact with them. They are going ahead by leaps and bounds. Their citizens are very loyal to the commonwealth. They have very fine gentlemen as heads of their political parties. They are men of great ability and integrity, and of course their Governments are very stable.

Canadians, or anyone else investing in the development of the West Indies, can make a safe and profitable investment. The business concerns of the West Indies are among the best in the world, and I know from experience what fine and upright people they are to trade with.

Jamaica has a wonderful climate. It is much more sunny than Florida. It is an island of great natural resources, mostly awaiting development. New hotels to accommodate tourists are being built every year, and I know that within the next ten years the tourist traffic of the island will be enormous. In fact the hotels were all well filled with tourists

when I was there. Canadian tourists, travelling in the United States in the winter season, are spending tens of millions of dollars in California, Florida, Arizona, Nevada and other states, and very little of this money comes back to us; whereas Canadian tourist dollars spent in the West Indies will all, or nearly all, return to Canada, as the West Indies are large buyers of Canadian products and want to buy more, but they have been short of dollars from time to time.

I often think it is unfortunate that Canada has not a tropical province. However, if an economic union could be arranged between Canada and the West Indies I am sure it would be of great benefit to this country; in fact, it would be mutually beneficial, as their products are absolutely complementary to ours, and vice versa.

There does not seem to be any need to have tariffs at all against West Indies products. As far as we both are concerned, a customs union would be of great benefit. In more ways than one it would bring us closer together economically and more Canadian capital would flow to the West Indies for profitable investment. Such capital is needed there now, and could do a lot of good for the people of the Island toward helping them finance the development of their natural resources.

The Islands are very scenic. They are a wonderful place in which to spend a winter vacation, as stated. Their tourist trade is growing very rapidly. Tourists need entertainment. To take care of the future tourist traffic the islands are going to need more hotels and motels, more golf courses, more developed beaches and more improved roads, for, as I said, the islands are very scenic and contain many historical sights, such as Nelson's Shipyard and Spanish Town, which is the old capital of Jamaica that was under the Spaniards.

To sum up, I desire to give great credit to those who conceived the fine idea of initiating this fair. It means extending a welcome hand to our new commonwealth nation in a practical way. It made the citizens of the islands feel all the more that they were one with us in the Commonwealth. Great credit goes to the federal Government officials who played a large part in putting the fair over in a big way. Major Douglas, of the Department of Commerce, had charge of the fair grounds and did a splendid job. Canada's Trade Commissioner in Kingston, Jamaica, Mr. H. E. Campbell, rendered great aid in many ways toward the success of the fair; and as I stated previously, the visit of our Minister of Fisheries made a very fine impression indeed. After his speech he received great applause.

The visit of the Canadian navy boats to Kingston at the time of the fair was another event that increased the prestige of the fair very much. I might say the commander of one of the boats was a son of the late Senator Donald MacLennan of Cape Breton, whom many of us knew so well. Captain MacLennan entertained on his boat—I think it was the *Buckingham*—for the political leaders and businessmen of Jamaica, along with the Canadians, and it was a very fine party indeed. Mr. O'Brien, Secretary-Manager of the Fisheries Council of Canada, was at the fair every day. He was there doing everything he could to make the fair interesting.

Now that our Government has taken the initial step in holding trade fairs in the West Indies—and I know it was a wise undertaking, which was appreciated by all the exhibitors who took part and doubly appreciated by the citizens of these fine islands—I feel that every encouragement should be given the Government to continue its good work in supporting similar fairs in the future, for I don't know of anything that will stimulate the foreign trade of Canada to better advantage.

In closing, may I say I believe that, as Canadians and citizens of one of the leading nations of the commonwealth or of the world, our full co-operation should be extended to the people of the West Indies in every way we can. It will be one of the best investments we could ever make, not only from a material standpoint but in the good will that will be established on a solid foundation. Their citizens are extremely grateful for what we have done already, and what we do for them now and in the future to help them get fully on their feet as a nation of our commonwealth will never be forgotten by the fine people of these islands. They know that Canada is their great and good friend and neighbour; and I know that we, as a country and a good neighbour, are not going to let them down.

On motion of Hon. Mr. Baird, debate adjourned.

CANADA-NEW BRUNSWICK INDIAN RESERVES AGREEMENT BILL

SECOND READING

Hon. W. M. Aseltine moved the second reading of Bill S-6, to confirm an agreement between the Government of Canada and the Government of the Province of New Brunswick respecting Indian reserves.

He said: Honourable senators, the purpose of this legislation is to ratify and confirm an agreement which was made on March 25, 1958, between the Government of Canada and the Government of the Province of New Brunswick, having to do with lands forming part of the Indian reserves in that province.

Prior to Confederation, lands in the province of New Brunswick were set aside as reserves for the various bands of Indians located in that province; and the titles to these lands remained vested in the Crown, subject to the Indians' right of use and occupation. After Confederation took place, some of these reserves or portions of them were from time to time surrendered by the Indians to the Government of Canada for sale; and the officials of the Government of Canada who were charged with the administration of Indian affairs under and by virtue of section 91, subsection 24 of the British North America Act came to the conclusion that any of these lands which were surrendered belonged to the Crown in the right of the Dominion of Canada. Accordingly some of the portions which were surrendered were sold, and the purchasers were given title by a grant by letters patent under the Great Seal of Canada. The money obtained from the sale of these lands was used by the Government of Canada to contribute to the welfare of the Indians concerned.

However, after a number of years one or two cases of a similar nature arose in Ontario and Quebec, and these ended up in the Privy Council of Great Britain, where decision was given to the effect that subsection 24 of section 91 of the British North America Act did not give the Government of Canada any right to these lands, but that they remained in the right of the Crown in the province. That being the case, the question of the validity of the grants which were made by letters patent under the Great Seal of Canada to the purchasers was very much in doubt, and the law officers of the Crown are of that opinion. It is therefore necessary to do something with respect to these grants, which, if the decision of the Privy Council is correct, are void. This is why, for a number of years, the Government of Canada has been negotiating with the province of New Brunswick for an agreement in respect to the lands in its reserves. I understand that negotiations have been going on since 1950, and more than one agreement has been drafted and signed and then changed at the request of one side or the other.

The effect of ratification and confirmation of this agreement by Parliament and by the legislature of the province of New Brunswick will be to validate these defective grants.

Hon. Mr. Roebuck: Will the honourable senator give the references to the two cases he mentioned?

Hon. Mr. Aseltine: They are very old cases. Probably I can get the references. I was saying that the effect of ratification and confirmation of this agreement will be to validate these defective grants and enable the Government of Canada, which is responsible for the administration of Indian affairs, to deal effectively in the future with Indian lands in the province of New Brunswick which may subsequently be surrendered and offered for sale.

That is a general explanation of the necessity for the agreement and what it purports to do. A little later I shall go in more detail into the agreement itself. It was ratified by the legislature of New Brunswick by an act of that province passed on April 18, 1958, being chapter 4 of the Statutes of New Brunswick of that year.

I have said that the agreement was entered into in March 1958. It was signed on behalf of Canada by the Acting Minister of Immigration and Citizenship, Hon. Mr. Fulton, and on behalf of New Brunswick by Mr. Norman Buchanan, Minister of Lands and Mines. The preamble sets out substantially what I have already said.

Paragraph 1 is the definition clause.

Hon. Mr. Roebuck: Does not the preamble go very much further than the honourable leader has stated?

Hon. Mr. Aseltine: Yes. I will explain it when I deal with the clauses.

Hon. Mr. Roebuck: It states that the purpose is to settle all outstanding problems relating to Indian reserves. That is a pretty big order.

Hon. Mr. Aseltine: As you will see when I go on a little further, there are agreements with regard to the transfer of Indian lands to the federal Government,—

Hon. Mr. Roebuck: Yes, I appreciate that.

Hon. Mr. Aseltine: —subject to certain mineral exemptions and that kind of thing. I agree that this goes further than I have already stated.

Hon. Mr. Roebuck: Very much.

Hon. Mr. Aseltine: Section 1 of this agreement has to do with definitions: the province is the province of New Brunswick, and "reserve lands" are those lands referred to in the appendix where all of the reserves in New Brunswick are enumerated. Then we have definitions of "patented lands" and "minerals". "Indian Act" is defined as meaning the Indian Act, Revised Statutes of Canada 1952. Next is the definition of "surrender", which means the surrender for sale of reserve lands or a portion thereof pursuant to the Indian Act but does not include a surrender of rights and interests in reserve

lands for purposes other than sale. The last term defined is "public highways", which means roads and bridges in reserve lands, constructed for public use.

Section 2 validates the grants of land made by Canada after Confederation, while reserving to the Crown of the province any mineral rights that Canada purported to transfer in such grants. The principle established here is that the province is not prepared to see mineral rights underlying reserve lands transferred to private ownership. Section 3 of the agreement transfers to Canada the province's rights in the reserve lands, subject to a reservation of all lands covered by public roads and the mineral rights underlying those reserve lands.

Section 4 provides for termination of the federal Government's right to manage all reserve lands on behalf of Indian bands in the event that any band for which a reserve has been set aside becomes extinct. But this does not cover the case where a band becomes enfranchised, for a band becoming enfranchised does not come under the definition of a band which becomes extinct.

Hon. Mr. Roebuck: There is no definition of "enfranchised" in the agreement.

Hon. Mr. Aseltine: If a band is enfranchised it is still in existence.

Hon. Mr. Roebuck: But there is no definition in this agreement as to what "enfranchised" means.

Hon. Mr. Aseltine: No, I do not see any. With respect to section 5, I wish to say that under section 3 the province reserved to itself the mineral rights underlying all reserve lands. Section 5, however, provides that Canada may manage such mineral rights and use the proceeds thereof for the benefit of the Indians, so long as the land is not surrendered for sale.

The last section in the agreement is section 6. In connection with Indian lands bordering rivers, the province has expressed some fear that the surrender and sale of reserve lands to individuals might prove to be against public interest. The wording of this section, while it does not prevent sales of surrendered lands to individuals, provides that the province is to be informed of any intention to sell, and it gives the province an opportunity to consider whether the purchase of the land by the province is desirable.

The section furnishes various safeguards to ensure that the province through inaction cannot block a sale, and provisions are made to ensure that if the province decides to purchase, it will pay a fair purchase price for the land.

That, honourable senators, is a brief explanation of the agreement which has been made. As I said before, it has already been approved by the Legislature of New Brunswick, but it will not go into full force and effect until such time as the Parliament of Canada ratifies it by the passing of this bill.

Hon. Mr. McKeen: May I ask the honourable Leader of the Government whether lands in any other province than New Brunswick are affected? For instance, some lands were abandoned in British Columbia, and I am wondering if this bill would cover them.

Hon. Mr. Aseltine: This situation does not exist in Manitoba, Saskatchewan, Alberta or British Columbia but it does exist in Nova Scotia, where a similar agreement is now under negotiation and which, I am informed, may be completed in the near future. The situation also exists to a small extent in Prince Edward Island, and it may exist in Quebec and Ontario.

Hon. Mr. Reid: Is it intended to send the bill to committee?

Hon. Mr. Aseltine: I cannot see any real object in sending it to committee, for the reason that we cannot change it at all. We have either to reject it in its entirety or accept it. The Government of the province of New Brunswick has been negotiating the agreement for the last eight or nine years and has approved it by an act of the Legislature, so I do not see that there is much we can do with it.

Hon. Muriel McQ. Fergusson: Honourable senators, first I would like to congratulate the honourable Leader of the Government (Hon. Mr. Aseltine) on his clear explanation of the bill before us. My attention was particularly drawn to the bill when I noticed it had to do with the lands of Indians in my province. Anything that deals with Indians in New Brunswick is always of considerable interest to me, for through my work as Director of Family Allowances for New Brunswick I came to know a great many Indian mothers.

In 1957, the last year for which I have statistics, there were only about 2,600 Indians in New Brunswick, but more than 1,000 of those were under the age of 16 and family allowance payments were being made for them. I know from my own experience that these payments proved to be a very great boon both to the children and their homes. As I said, through my work I came to know a large number of Indian mothers—and some Indian fathers too—and I frequently receive requests for advice and assistance. I find it most interesting to work with them. Very near to my home in the city of Fredericton there are two reserves,

the Devon Reserve and the Kingsclear Reserve. When I resided far up the Saint John River, which I did for more than 20 years, I lived very close to the Tobique Reserve, and if honourable senators will bear with me, I should like to tell how progressive the Tobique Indian Council is. Quite recently the council erected a $20,000 recreation centre, completed a modern water system and paved many of their streets.

The purpose of the present bill does not directly, perhaps, affect the welfare of the Indians, although without doubt it will be of great benefit to them to know that when they surrender reserve land, on the understanding that it is going to be sold or disposed of in some way, the Government to which they surrendered it and which will subsequently deal with it is constitutionally entitled to do so.

Considerable property in New Brunswick which before Confederation was reserved for different tribes or for the use of those tribes, has since Confederation been surrendered, as the Government Leader (Hon. Mr. Aseltine) has mentioned, and in interpreting section 91 of the British North America Act, which gave to the Government of Canada exclusive jurisdiction over Indians and Indian lands, I think it is quite understandable that the Government of Canada, after selling some lands that were surrendered, confirmed the sales, as the leader said, by grants by letters patent under the Great Seal of Canada.

There have been two Privy Council cases which decided that the rights in this surrendered land belonged to the province, and not to the Crown in the right of the Dominion. If the honourable leader does not mind I will give the citations of the two cases for the benefit of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). The first is *The St. Catharines Milling and Lumber Company v. The Queen, on information of the Attorney General of Ontario (1888), 14 Appeal Cases, 46;* the other is, *The Attorney General for the Province of Quebec v. The Attorney General for the Dominion of Canada (1921), 1 Appeal Case, 401.* Both cases gave reason to believe that on surrender by the Indians of these lands they actually reverted to the Crown in the right of the province, and that of course, as honourable senators will realize, leaves a real blot on the title of those who received their title through the Crown in the right of Canada.

It is only right and fair that the matter should be clarified and that those defective titles to land which has already been conveyed should be made good. The bill before us will enable this to be done. And under section 3 of the agreement, in future when any reserve lands are surrendered by the Indians the Government of Canada will be able to deal with them in accordance with the provisions of the Indian Act.

Honourable senators, this agreement was approved by the New Brunswick Legislature at its last session. If this bill is passed it will be of value to persons who may buy land, or who have already bought land, in New Brunswick in cases where the property formed part of the original Indian Reserves, and I believe it will help the administration of the Indian Act in New Brunswick. I fully approve of it and give it my support.

Hon. G. Percival Burchill: Honourable senators, I am very much interested in this proposed legislation, and I agree with my colleague, the honourable senator from Fredericton (Hon. Mrs. Fergusson) that it is a step in the right direction and we welcome it. I have had some experience with these cases in connection with reservations in my section of New Brunswick. The honourable senator speaks about some reservations in other parts of the province. She should come over and see our three famous reservations on the Miramichi, and then she wouldn't talk so much about the Tobique, I am sure. I have known of several cases where lands have been surrendered and there has been some serious question about the title. This proposed legislation will remove all difficulties in that respect, I hope, in the future.

In respect to the word "surrender" I notice that section 1 of the agreement says, under (f):

> "Surrender" means the surrender for sale of reserve lands or a portion thereof pursuant to the Indian Act—

I wonder if the honourable Leader (Hon. Mr. Aseltine) could tell us what the necessary procedure is?

Hon. Mr. Aseltine: I did not look that up, but I will give that on third reading.

Hon. Mr. Burchill: The reason I mention the matter is that I have known of great disputes among the Indians themselves in connection with the surrender of lands, and there has been quite a lot of difficulty there. I would like to know what procedure is necessary before lands can be surrendered.

Hon. Mr. Aseltine: I shall be pleased to give that information on third reading.

Hon. Mr. Wall: If the honourable Leader of the Government is going to answer questions on third reading, and this bill does not go to committee, would he indicate to us what section 2 means, and whether there is or is not a retroactive factor in it? It deals with grants of patented lands, and I gather

those lands have already been granted; how, I do not know. It confirms and then it seems to take away; there is an apparent retroactive factor.

Hon. W. Ross Macdonald: Honourable senators, I would like to raise one question before the bill receives second reading—and I am not opposing the second reading of the bill. My question relates to the main body of the agreement immediately after the preamble. The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) raised the point a few minutes ago as to certain words in the first clause, which read as follows:

> Now this agreement witnesseth that the parties hereto, in order to settle all outstanding problems relating to Indian reserves in the province of New Brunswick—

I do not know what all the outstanding problems were at the time this agreement was entered into, and if this agreement settles all of them it seems to me we should know what they were. Are all the problems referred to in this agreement or are there problems which are settled by this agreement but are not referred to therein? That is a question which gives me some concern in approving of this bill today. Now one reason why I raise this question, honourable senators, is that the Leader of the Government has stated there will be further agreements.

Hon. Mr. Aseltine: I did not say that. I do not know. I understand they are negotiating other agreements.

Hon. Mr. Macdonald: The Leader of the Government has intimated that there are lands affected in the provinces of Nova Scotia, Prince Edward Island, Quebec and Ontario.

Hon. Mr. Aseltine: Not in Quebec. I made a mistake there.

Hon. Mr. Macdonald: Then in three provinces. If there are lands which have been conveyed in this manner in these three provinces it is altogether likely that further agreements will come to this house for ratification. I therefore think that this agreement will be a basic one on which future agreements will be drawn. Now, is it right to set forth in the first clause that by this agreement all outstanding problems relating to Indian reserves in New-Brunswick are settled?

Honourable senators, those words give me some concern. I am bringing the matter to the attention of the Leader of the Government, and I think he should inform the department at least that we are very much concerned about the inclusion of those words in the agreement. I suggest the leader should also find out if it is intended to have those words in further agreements which may come before us.

Hon. Mr. Aseltine: I would like to give a legal opinion on that point. I am of the opinion that, in spite of what the section says, the only questions that are settled are the ones that are specifically set out in the agreement.

Hon. Mr. Macdonald: Then why have the words in there?

Hon. Mr. Aseltine: I do not know. I did not draft the agreement. But it is my opinion that the matters that are set out in this agreement are the ones that are settled, not a whole lot of other matters which might arise because they could not be settled in this way.

Hon. Mr. Reid: May I direct a question to the leader? My question has to do with the wording of section 4 of the agreement. Subparagraph 2 of the section says that for the purposes of subparagraph 1 a band does not become extinct by enfranchisement. Now, honourable senators, this is the first time I have ever heard of a transfer of land in which the word enfranchisement has been used. Is there any explanation to be given for the use of that phrase?

Hon. Mr. Aseltine: I do not understand what the honourable senator has in mind. It says that if a band becomes extinct the property is dealt with in a certain way but that the tribe does not become extinct by being enfranchised. I cannot see any difficulty about that.

Hon. Mr. Reid: After all, I have had some experience in dealing with the problems of Indians, because I was on the Indian Affairs Committee for some time—

Hon. Mr. Aseltine: I remember that.

Hon. Mr. Reid: I was just wondering what is the meaning of that subparagraph, because in the province of British Columbia we have endeavoured to get as many reserve Indians as possible to become enfranchised.

Hon. Mr. Aseltine: Well, this does not take any rights away from them.

Hon. Mr. Monette: Honourable senators, may I say a few words with regard to the remarks made by the honourable senator from Trinity (Hon. Mr. Roebuck), and which were brought to light by the honourable

Leader of the Government (Hon. Mr. Aseltine) as to what is contained in this agreement at page 2?

This agreement provides:

—that the parties hereto, in order to settle all outstanding problems relating to Indian reserves in the province of New Brunswick . . . have mutually agreed etc.

Now, surely the agreement does not declare all the problems to be settled. In the phraseology there is an indication that it may provide a base for settling all the problems, but what is settled by the agreement is only what is indicated in the various paragraphs thereof. Therefore I do not see any need for having a list of all the problems that exist in the province of New Brunswick in relation to Indians. It simply says that it is the intention of the parties to the agreement that it will facilitate settling all the problems in relation to Indian reserves in the province of New Brunswick.

Hon. Mr. Roebuck: Honourable senators, I rather agree with the last speaker that the interpretation that would be given in a court of law to this phrase would not include all problems that exist. This phrase is very broad. It does not say between whom the problems may exist. I very seldom am satisfied or happy with legislation in the form of an agreement, drawn as a result of negotiations between parties, sometimes without even the presence of a solicitor and frequently by solicitors who are not schooled in the drafting of legislation.

Hon. Mr. Aseltine: I understand, honourable senators, that this is the third New Brunswick agreement that has been asked for since 1950.

Hon. Mr. Roebuck: Yes, I can fancy it.

Hon. Mr. Aseltine: Some solicitors must have taken part.

Hon. Mr. Roebuck: The agreement shows that it has been mulled over by negotiators and concessions made pro and con. It comes to us with a phraseology that is not very happy, such as the words:

In order to settle all outstanding problems relating to Indian reserves—

No competent lawyer drawing up legislation would use such a phrase as that.

Then, take section 2. It says:

All grants of patented lands are hereby confirmed—

That is restricted by the definition of patented lands, but it does not say all grants now made or to be made in the future, nor does it actually say all grants by the dominion Parliament, which of course is intended. The agreement is in loose language and bad phraseology, when judged by the standards of draftsmanship with the intention of making the agreement into law. I suppose it will accomplish the good purpose which two speakers who preceded me have mentioned, and it is not our desire to deny the good results that may come from this agreement, but I don't think it has been well considered from our standpoint as legislators. It is perhaps all right from the standpoint of negotiators, but not of legislators.

Furthermore, apparently the province of Ontario is involved in this matter.

Hon. Mr. Aseltine: I cannot say to what extent.

Hon. Mr. Roebuck: Nor can I. I think that is a very good reason why the bill should go to a committee where we may ask questions. The province of Ontario has evidently been involved in something of this kind, because one of the cases cited is an Ontario case. The title to these Crown lands has evidently been raised in the province of Ontario. I wish to know more from the officials concerned as to the situation in Ontario. Therefore, I would like to see this bill referred to a committee.

Hon. Mr. Macdonald: Honourable senators, may I be permitted to add a few words?

It seems passing strange that the two cases which were decided, and on account of the decisions in which it has been deemed advisable to pass this legislation, were decided many years ago. The first case was tried in 1888, some 71 years ago; and the second one was in 1921, about 38 years ago. Has it not been deemed advisable or necessary through all those years to present a bill of this kind? Why have all those years been allowed to intervene before bringing this legislation before the house?

Hon. Mr. Aseltine: I asked the same question of the officials, because I knew the honourable leader opposite would ask it of me. They told me that nothing was done; the matter was allowed to stand. It was the Parliament of Canada that brought the issue into focus around about the year 1950, in order to clear up all the defective titles, and this agreement has been under negotiation ever since that time. If a good job has not been done in drafting it, I am afraid I can't help it.

Hon. Mr. Campbell: May I ask the honourable Leader of the Government a question? Under paragraph 2 of the agreement, can he say whether or not the grants made previously under patents contained grants of mineral rights, and if so whether they have

been acted upon in any way by the purchaser? I notice that there is a reservation of the mineral rights to the province.

Hon. Mr. Aseltine: I also took that question up with the officials, because I noticed the same thing. I was told that if there was any difficulty about the mineral rights in these patented grants, that is a matter between the purchaser from Canada and the Canadian Government, and cannot be settled by this agreement.

Hon. Mr. Campbell: Surely that is not the case. The man who purchases the lands gets the mineral rights, and acts upon them, should have his title confirmed in the same way as anyone else.

Hon. Mr. Wall: Honourable senators, if I may be permitted, before the bill goes to a committee would somebody look at the grammatical construction of paragraph 3 of the agreement with respect to the words "and minerals", which are left hanging in mid-air?

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Hon. Mr. Aseltine: It seems to be the wish of honourable senators that this bill be referred to a committee. That being the case, I am wondering what would be the appropriate committee—the Standing Committee on Natural Resources?

Hon. Mr. Macdonald: That is satisfactory.

On motion of Hon. Mr. Aseltine, bill referred to Standing Committee on Natural Resources.

PRIVATE BILL

GORE DISTRICT MUTUAL FIRE INSURANCE COMPANY—SECOND READING

Hon. W. D. Euler moved the second reading of Bill S-7, respecting Gore District Mutual Fire Insurance Company.

He said: Honourable senators, this is a very simple bill.

Hon. Mr. Aseltine: Not like the last one?

Hon. Mr. Euler: I think it is simple enough not to provoke debate among the legal lights of the Senate.

Hon. Mr. Macdonald: It will give us a chance.

Hon. Mr. Robertson: Never be too sure.

Hon. Mr. Euler: I am never too sure about anything.

The sole purpose of the bill is that the company known as Gore District Mutual Fire Insurance Company shall become Gore Mutual Insurance Company. That means the deletion from its title of two words, "district" and "fire". These two words indicate a limitation of the activities of the company to a certain district and to fire insurance, when in fact, I understand, it carries on business throughout the country and in many other lines of business in addition to fire.

The company, organized more than a hundred years ago, is one of the oldest fire insurance companies in Canada. It was organized in a part of Ontario known as the "Gore District", of which the city of Galt is the centre. Honourable senators know very well that Galt is situated about 12 miles from the great city of Kitchener. The activities of the company have now gone far beyond the limits of Gore District; in fact, as I mentioned, I think it operates in every province in Canada, even as far west as British Columbia. It has expanded far beyond what were its original limits.

There are similar circumstances with respect to the word "fire". In olden days, the company operated only as a fire insurance company, as did many of the mutual companies, but now it is in several other lines, such as automobile, casualty and the rest of them.

Hon. Mr. Roebuck: Has the company had an amendment to its constitution allowing it to carry those classes of insurance?

Hon. Mr. Euler: Under its charter it can carry them. I noted in a bill which I sponsored the other day that the various lines of business the company could transact went from A to Z, some 26 lines. The Gore company can transact the same lines.

Hon. Mr. Macdonald: Under the word "fire" it transacts other types of insurance business.

Hon. Mr. Euler: Yes, and it wants to delete the word "fire".

A few years ago I was associated with the Economical Fire Insurance Company in the sponsoring of a bill to delete the word "fire" because its activities had gone far beyond fire insurance. For the same reason the present company wishes to have the word deleted from its name.

This company has a long and unblemished record in the insurance field. I might mention casually that it is so patriotic that at the outset of the First World War it made a gift of $100,000 to the federal Government for war purposes. I know the officers and directors of the company, and I am quite sure that they will carry on its activities in the same manner as has been done in the past.

As I have said, the bill is very simple. While ordinarily such a measure would be referred to the Standing Committee on Miscellaneous Private Bills, I would almost suggest that this bill does not require consideration by the committee. However, I am in the hands of the Senate.

Hon. Mr. Aseltine: The rules require that it must go to committee.

Hon. Mr. Monette: We have a great respect for the company, and are in sympathy with the purpose of the bill. But the change of name would not change the powers of the company.

Hon. Mr. Euler: There is no change except in the name.

Hon. Mr. Monette: But if the company already has the power to deal not only in fire insurance but in other types of insurance business, to strike out the word "fire" would not add anything to nor take anything from the company's existing powers. For this reason I would not object to the change of name. On the same ground I would not object to the elimination of the word "fire" in order to make the designation general. As I say, there will be no change effected in what, by letters patent or act of Parliament, was originally granted to the company.

Hon. Mr. Euler: None at all.

Hon. Mr. Monette: So I repeat that I favour the bill, because it does not change the company's powers.

Hon. Mr. Euler: It changes none of the powers at all. If I may illustrate: suppose it is suggested to a man who wants automobile insurance, "Here is Gore District Mutual Fire Insurance"; he might say, "That is a fire insurance company; it does not handle automobile insurance". The title no longer covers the activities of the company, because it has many other lines besides fire.

Hon. Mr. Roebuck: Has the change of name been approved by the Superintendent of Insurance?

Hon. Mr. Euler: I am sure it has.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Hon. Mr. Euler: Honourable senators, I understand that it is the rule in such cases to refer the bill to the Standing Committee on Miscellaneous Private Bills, and although I think that in the present instance this is unnecessary, I move that it be done.

Motion agreed to.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce, Nos. 50 to 75, which were presented yesterday.

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

Motion agreed to.

BILLS—SECOND READINGS

Hon. Mr. Roebuck moved the second reading of the following bills:

Bill SD-12, An Act for the relief of Marie Cordelia Marie-Ange Pigeon Gaboriau dit Lapalme.

Bill SD-13, An Act for the relief of Jeannine Genevieve Jagelavicus Kusleika.

Bill SD-14, An Act for the relief of Viola Bleier Josephovits.

Bill SD-15, An Act for the relief of James John Thomson Keay.

Bill SD-16, An Act for the relief of Constandina Alimanisteanu Butas.

Bill SD-17, An Act for the relief of Viola Gertrude Elizabeth Boyd Theroux.

Bill SD-18, An Act for the relief of Sydney Arthur Powell.

Bill SD-19, An Act for the relief of Ruth Georgina Potts Dobie.

Bill SD-20, An Act for the relief of Patricia Burnell Fraser Rosensweig.

Bill SD-21, An Act for the relief of Geraldine Joy Conway Cook.

Bill SD-22, An Act for the relief of Joan Natalie Miller Martin.

Motion agreed to, and bills read second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

DEBATE PROCEDURE

The Hon. the Speaker: Before the adjournment: As a matter of decorum I would like to say that when the Speaker has started to put the question to the house, if any honourable senator has additional remarks to make in a debate he should priorly seek the Speaker's permission. Personally I do not mind being interrupted as I start to put the question—I am a married man and I am accustomed to interruptions! But I believe our proceedings should be conducted in this manner: I shall insist in future that it be done this way. This is no reflection on any honourable senator. Thank you.

The Senate adjourned until Tuesday, February 10, at 8 p.m.

THE SENATE

Tuesday, February 10, 1959

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

Prayers.

DOCUMENTS TABLED

Hon. Mr. Aseltine: Honourable senators, I table the following documents:

The *Canada Gazette*, Part II, Statutory Orders and Regulations, Consolidated Index and Table of Amendments for the period January 1, 1955 to December 31, 1958, pursuant to section 7 of the Regulations Act, Chapter 235, R.S. 1952. (English and French texts).

Estimates for the fiscal year ending March 31, 1960. (English text).

Copy of the "Roads to Resources" agreement between the Government of Canada and the Government of the Province of British Columbia, entered into on the 4th November, 1958.

Report of the Canadian Wheat Board for the crop year ended July 31, 1958, pursuant to section 7 of the Canadian Wheat Board Act, Chapter 44, R.S. 1952. (English text).

Further report dated December 22, 1958, of the Board of Transport Commissioners for Canada, pursuant to Order in Council, P.C. 1487, dated April 7, 1948, respecting the equalization of freight rates, and pursuant to section 336 of the Railway Act, Chapter 234, R.S. 1952. (English text).

Report of the Superintendent of Insurance for Canada, Volume II, for the year ended December 31, 1957, pursuant to section 9 of the Department of Insurance Act, Chapter 70, R.S. 1952. (English and French texts).

Report on the Operations of the Public Service Superannuation Act for the fiscal year ended March 31, 1958, pursuant to section 34 of Chapter 47 of the Statutes of 1952-53 and section 49 of Chapter 64 of the Statutes of 1953-54. (English text).

PRIVATE BILLS

NORTH AMERICAN ACCIDENT INSURANCE COMPANY—FIRST READING

Hon. A. K. Hugessen presented Bill S-9, respecting the North American Accident Insurance Company.

Bill read first time.

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

Hon. Mr. Hugessen: Thursday next.

BALOISE FIRE INSURANCE COMPANY OF CANADA—FIRST READING

Hon. Sydney J. Smith presented Bill S-10, respecting Beloise Fire Insurance Company of Canada.

Bill read first time.

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

Hon. Mr. Smith: Thursday next.

DIVORCE

BILLS—FIRST READING

Hon. F. W. Gershaw moved the first reading of the followings bills:

Bill SD-23, an Act for the relief of Jeanne d'Arc Gravelle Senecal.

Bill SD-24, an Act for the relief of Barbara Mary Scott Norman.

Bill SD-25, an Act for the relief of Alice Schleicher Dorotich.

Bill SD-26, an Act for the relief of Mary Jane Holmes Phillips.

Bill SD-27, an act for the relief of Barbara Lorrain Campbell Clarke.

Bill SD-28, an Act for the relief of Helen Margaret Davidson Beckett.

Bill SD-29, an Act for the relief of Ruth Dankner Liberman.

Bill SD-30, an Act for the relief of Norma Mary Rose Purchard Clarkin.

Bill SD-31, an Act for the relief of Eva Greenblatt Besner.

Bill SD-32, an Act for the relief of Ruth Millstein Backman.

Bill SD-33, an Act for the relief of Percy Kark Claxton.

Bill SD-34, an Act for the relief of Marion Beulah Francis Meehan.

Bill SD-35, an Act for the relief of Nina Olga Titow Dorion.

Bill SD-36, an Act for the relief of Sylvia Florence Van Straten Weber.

Bill SD-37, an Act for the relief of Joseph Fernand Roger Boucher.

Bill SD-38, an Act for the relief of Jacqueline Shirley Mary Parnell Gardner.

Bill SD-39, an Act for the relief of Esther Daisy Moynan O'Regan.

Bill SD-40, an Act for the relief of Susan Pick Bereznik.

Bill SD-41, an Act for the relief of Josephine Zauberman Schiller.

Bill SD-42, an Act for the relief of Hanna Liselotte Gertrud Tiegs Kallus.

Bill SD-43, an Act for the relief of Dorothy Louisa Stradwick Coffin.

Bill SD-44, an Act for the relief of Marc Aurele Bourget.

Bill SD-45, an Act for the relief of Marie Yolanda Marotta Henshaw.

Bills read first time.

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

Hon. Mr. Gershaw: Thursday next.

CANADIAN BROADCASTING CORPORATION

On the following notices of inquiries and motion by Hon. Mr. Pouliot:

Inquiries:

No. 1.

1. Who are the producers of the Canadian Broadcasting Corporation at present on strike, and what amount was paid to each of them by the C.B.C., and for what programs?

2. What was the total cost of these programs on television?

No. 2.

What salary was paid to each artist of the Canadian Broadcasting Corporation from January 1, 1958 until December 31, 1958?

No. 3.

What amount was paid to the Canadian Broadcasting Corporation by each sponsor on television, from January 1, 1958 until December 31, 1958, and for what programs?

Motion for:

Copy of the form of contract between the Canadian Broadcasting Corporation and the producers.

Hon. Mr. Aseltine: Stand.

Hon. Jean-François Pouliot: Honourable senators, I rise on a question of privilege with regard to these questions. I appreciate the diligence of the honourable Leader of the Government (Hon. Mr. Aseltine) in doing, I am sure, his best to secure answers. They are urgent questions and, as I pointed out the other day, I put my confidence in him to secure proper answers, and I would like to have them rather different from those that were given in the House of Commons on February 2, as shown on page 617 of the Commons *Hansard*. Those answers are unsatisfactory. I give full credit to two members of the Government, the honourable Minister of National Revenue and the honourable Minister of Labour, for not having been impressed by the blackmail of the C.B.C. producers. Naturally, I express my own personal views, and I have always considered that it is the duty of members of the Senate to show some degree of independence. I give the devil his due, whether the devil is red or blue. But everybody will understand that, that being said, I give the benefit of the doubt to my party, the Liberal party.

But in this case I want to have those answers, and if they are given the Government will be relieved from the strike. It would be a shame to pay a cent to those who have been refusing to work since the end of December.

Moreover, I have two other things to say to the honourable Leader of the Government. The C.B.C. producers were under the impression that their strike would create a big bang in the province of Quebec and that everybody would be impressed by their strike. It fell flat. People are indifferent to them; all they want to know is how much they get; and the Government has the best possible opportunity to secure control over all expenditures. As a member of one of the Houses of Parliament I would like to know how much has been paid to the producers and to the artists; and the more so, because one producer was bold enough to write to a Montreal daily that he was objecting to the kind of information that I was asking for. That is one reason for giving it. To show my earnestness to the Leader of the Government I will send him not only copies of an article that appeared in *Le Devoir* of Montreal—which, because it is too long, I shall not read—but I will send the original copy of that article, with two supplementary copies in order that he may read them.

Hon. Mr. Croll: Send a translation.

Hon. Mr. Pouliot: It can easily be translated.

Hon. Mr. Aseltine: I can read French.

Hon. Mr. Pouliot: That is all right; thank you; and the Right Honourable the Prime Minister reads French. I will ask that the honourable Leader of the Government be kind enough to send one of the copies or—as he wishes—the original copy to the Prime Minister in order to make him more familiar with this famous strike.

There is something else that I want to say. It is that one of the artists, whom I like personally—I do not know him but I have a soft spot for him and he is superior to the average—has written a letter to the same paper to the effect—it was a kind of SOS appeal—that the Government has been trying to destroy the French network. Those who are doing their worst to destroy the French network are precisely the strikers, whether they are producers or artists. I will remind the honourable gentleman that they themselves were boasting of the huge salaries they got, and it is time to know how much they were paid.

Thank you, honourable colleagues.

DIVORCE

BILLS—THIRD READINGS

Hon. Mr. Gershaw, moved the third reading of the following bills:

Bill SD-12. An Act for the relief of Marie Cordelia Marie-Ange Pigeon Gaboriau dit Lapalme.

Bill SD-13, An Act for the relief of Jeannine Genevieve Jagelavicus Kusleika.

Bill SD-14, An Act for the relief of Viola Bleier Josephovits.

Bill SD-15, An Act for the relief of James John Thompson Keay.

Bill SD-16, An Act for the relief of Constandina Alimanisteanu Butas.

Bill SD-17, An Act for the relief of Viola Gertrude Elizabeth Boyd Theroux.

Bill SD-18, An Act for the relief of Sydney Arthur Powell.

Bill SD-19, An Act for the relief of Ruth Georgina Potts Dobie.

Bill SD-20, An Act for the relief of Patricia Burnell Fraser Rosensweig.

Bill SD-21, An Act for the relief of Geraldine Joy Conway Cook.

Bill SD-22, An Act for the relief of Joan Natalie Miller Martin.

Motion agreed to and bills read third time and passed, on division.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, February 5, consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Pearson, seconded by Hon. Mr. Choquette, for an Address in reply thereto.

Hon. A. B. Baird: Honourable senators,—

Hon. Senators: Hear, hear.

Hon. Mr. Baird: I do not wish to reflect on anybody's judgment, but I think it would have been better for honourable members to have waited to hear what I have to say before applauding me in that manner.

Honourable senators, I would like to welcome the last three gentleman who were summoned to this chamber, and one in particular, who comes from my home town, St. John's, Newfoundland, the Honourable John Higgins. He is known to us as a scholar, learned in the law—and, what is more, he is known as a good fellow. He is, as honourable senators know, filling the vacancy caused by the death of Dr. Vincent Burke. Those senators who were privileged to be in the Senate during the time that Dr. Burke was here must have known him as having a personality and a charm which were distinctive; he was so greatly admired by others that he seemed to be in a class by himself. Jack Higgins, in coming to this chamber, has something to live up to. I feel that he will do that and I wish him well.

I wish to compliment both the mover (Hon. Mr. Pearson) and the seconder (Hon. Mr. Choquette) on their speeches on the Address in reply to the Speech from the Throne. I was particularly impressed by the remarks of the mover, describing the early days of the west—the pioneer days, as he termed them. I knew a certain amount about the west in the years from about 1909 to 1911. The clarion call of those years was, "Go west, young man, go west." I happened to be one of those that went west, but I purchased a return ticket.

Hon. Mr. Crerar: But why?

Hon. Mr. Baird: Well, when I look around and see all these prosperous westerners, I feel that I may have made a mistake.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Baird: All honourable senators who were privileged to be in this chamber last week and heard the speech made by the honourable senator from Inkerman (Hon. Mr. Hugessen) must have been, as I was, very much impressed. I thought that his speech had not only all and everything that was necessary in it, but it had the power even to stop the clock. That probably has never been done in this chamber before, but the honourable senator's speech did just that—it stopped the clock in this chamber. I hope the Government of the day will take something out of that.

Hon. Mr. Brunt: The clock stopped before he started.

Hon. Mr. Baird: I hope that they will stop this squandermania, that they will stop these terrible extravagances and the stupidity which are going on today.

Honourable senators, it has been a complaint that the Speech from the Throne is carefully contrived to conceal more than it reveals. This session's Speech from the Throne is obviously a stop-gap of many words designed rather to confuse the reader or listener than to be a reasonable outline of the Government's real intentions. Obviously some forty pieces of proposed legislation plus the regular routine work of Parliament are more than can be accomplished in a single session, while the contradictory nature of some of the proposals suggests that the Government's proposals are still in a state of flux. For instance, the speech emphasizes the Government's concern over inflation and the preserving of the stability and purchasing power of the Canadian dollar. This concern does not fit in very neatly with the raising of freight rates, with deficit spending, raising unemployment insurance payments and undertaking additional public works—a luxury in themselves. Yet the speech does not even suggest in any way how the Government proposes to beat inflation and at the same time to countenance rising costs, including

wages and higher interest rates on the national bond issue, as already arranged through the conversion of the national War Bonds.

Now, honourable senators, rising costs in themselves force inflation. Here in Canada we face a serious unemployment situation in a brand new setting. It has been an economic law in the past that falling costs accompany rising unemployment. In Canada today, as in other western countries, this law is no longer true. Costs continue to rise whatever the employment figure. The lessons of the past may throw a little light on the subject but certainly cannot solve the problem.

The Government will do well to make sure that its actions do not swell the inflationary tide, for each and every rise in costs is a definite inflationary factor. And the Government will be well advised to proceed with its proposed task of reconciling anti-inflationary moves. With the factor of rising prices of any kind we must avoid any contributory action in favour of the inflationary forces now at work.

The heavy legislative program suggested foreshadows heavy additional expenses, and we must presume that the Government plans to continue its deficit spending in the hopes of lifting the economy of the nation "by its own bootstraps".

It is only fair that the Government should take heed of the minority Opposition, for it cannot be expected that this Opposition should confine its concern and discussion to its numerical strength in Parliament.

In the Speech from the Throne, the statement that "my Government welcomes the evidence of recovery from the recession" does not quite jibe with the almost simultaneous announcement by the Department of Agriculture that "the decline in business investment and the offsetting Government spending are likely to continue in 1959." We may presume that the Minister of Agriculture has already heard from the Prime Minister in this regard.

The Speech suggests a massive effort to meet the problems of unemployment, but as usual neglects to even hint at the magic process to be used to combat this returning evil.

Frankly, honourable senators, I find that the Speech from the Throne is composed of many words, nicely written indeed, but with so little meat that it must be considered as entirely "evasive tactics" to keep Parliament from having any sound basis on what really to expect in the current session. So I fear, honourable senators, we must all be on our toes during the present session to help the Government keep in a straight line by adequate debate on each and every subject of discussion.

I have firm opinions on waste and inefficiency in any phase of our administration, and in my opinion the very vague information provided in the Speech defeats the very purpose of the ritual that is designed to give Parliament some hint of what to expect from the Government in the session. I feel that more could have been said in fewer words.

Sincere consideration and examination of operations of the Government and its buildings here in Ottawa could find great opportunities for decreasing Government expense and for improving the effective use of our staffs. Personally I would like to see a great many man- and woman-hours put to more effective use than providing almost unlimited "coffee breaks" for the staff. However, I suppose a Government without a program has to be vague, but it is unsatisfactory.

Hon. James Gladstone: Honourable senators, I would like to take this opportunity to congratulate the honourable senator from Lumsden (Hon. Mr. Pearson) for his interesting words about the west when moving the Address in reply to the Speech from the Throne. I would also like to congratulate the seconder, the honourable senator from Ottawa East (Hon. Mr. Choquette). I envy him his ability to speak so fluently in both the French and the English language. I too am bilingual, but I do not find much opportunity to speak Blackfoot while I am here in Ottawa.

I was particularly interested in Senator Pearson's fitting tribute to the pioneers of the west and those from Saskatchewan who made it possible for that province to become the greatest grain producer in the west. As next-door neighbour to the honourable senator from Saskatchewan, I cannot help but mention that we too are proud of our western heritage. In southern Alberta, we have a great history as a ranching country, and as a grain producer we have become famous for the quality of our products. This is shown by the many World Wheat Kings, Barley Kings and Oat Kings who come from Alberta.

Also, honourable senators, I would like to mention my own province again for the great strides it has made in the field of industry. Its industrial progress started in 1914 with the discovery of oil at Turner Valley and took on national importance when the Leduc field was discovered in 1947. Land once used for farming is now dotted with oil wells, refineries and many allied industries. At Pincher Creek, in my own area, we have a large field of natural gas, and, as a result of this, a sulphur extraction plant has been built about 25 miles west of my ranch.

This was the land where my people hunted buffalo only 80 years ago. During the passing years we have seen the buffalo disappear and the ranches—such as the Cochrane and the Waldron—come in with their big herds. We have seen the railroads built and the settlers arrive from all parts of the world.

In recent years, canals and dams have been built on the St. Mary and Belly Rivers, so that thousands of acres in the Lethbridge district have become irrigated. With irrigation we have become producers of sugar beets, vegetable crops and other food products. These lands are supporting thousands of people where once there was only dry buffalo grass.

Honourable senators, in what I have said I have been expressing a natural pride in the region and province in which I was born and raised, and in which, I hope, I have grown to maturity. On the other hand, I am quite aware of the fact that by virtue of my appointment, at the instance of the Right Honourable the Prime Minister, I am now representing all of the Indian population in this great country. This is my simple duty and I propose to discharge it to the limit of my ability to do so. In point of fact, I have by invitation since my appointment met with large Indian gatherings in most parts of Canada. It is my hope and expectation in the ensuing weeks, so far as my parliamentary duties permit, to meet with representative Indian gatherings in those parts of Canada which I have not yet been able to visit.

In the interests of all my own people I was happy to see, in the Speech from the Throne, that the Government intends to put forward a resolution to establish a joint committee of both houses to review the Indian Act and the administration of Indian affairs.

In 1946 the Government established a similar committee to examine the Indian Act and to make suggestions as to the amendments they felt were needed. They were given eight matters to consider in particular. These were: treaty rights and obligations, band membership, liability of Indians to pay taxes, enfranchisement of Indians, eligibility of Indians to vote at dominion elections, encroachment of white persons on Indian reserves, operation of day and residential schools, and any matters relating to the social and economic status of the Indians. I believe there are five or six of the honourable senators among our present number who served on this committee.

In 1947, I was invited to appear before the committee on behalf of the Indian Association of Alberta. Our group, like many others in Canada, presented our views to the committee and received a sympathetic hearing from them. We, from Alberta, left Ottawa with the feeling that this was the dawn of a new life for our people. We were happy to think that the Government would, at last, do something with respect to the social and economic problems of our reserves.

After calling over a hundred meetings, interviewing many witnesses and reviewing over four hundred written briefs, the joint committee, in 1948 made a number of recommendations to the Government concerning changes in the Indian Act.

They noted that—and I quote:

> Many contradictions and divergencies were found in the Act.

A number of recommendations were accordingly made which were designed—and again I quote from the Journals:

> —to make possible the gradual transition of Indians from wardship to citizenship and to help them to advance themselves.

Imagine our surprise in 1950 when Bill 267 was introduced! In our opinion it took away almost everything that was good about the old Indian Act and replaced it with provisions which would be much better designed for concentration camps rather than for Indian reserves. A further fraction of our freedom was taken away and we were left in a position worse than it was before. It was the general feeling that not only the specific recommendations but the spirit in which they were made by the joint committee had been ignored in drawing up Bill 267. Letters and telegrams of protest came from all parts of Canada—not just from Indians, but from public-spirited citizens who were equally alarmed by the proposed act. In our own province protests were sent by farm organizations, women's associations, and many other groups. As a result, the bill was shelved and the Indian peoples everywhere began to review it clause by clause to recommend changes. In Alberta, we held two meetings in Calgary and two at the Hobbema Reserve, to give all Indians a chance to make their suggestions.

In 1951 I was again summoned to Ottawa, and again it was with a feeling of confidence that the Honourable the Minister of Citizenship and Immigration would give serious consideration to our suggestions and take steps to revise the objectionable parts of the bill. However, when we arrived we found that Bill 79, which was to replace Bill 267, was already printed and we were apparently expected to give our approval. We made further recommendations, but these seem to have been ignored.

Bill 79 was some improvement over Bill 267, but in many ways it was worse than the original Indian Act. The major exceptions were health and education. In these two fields, in all fairness, the Government has progressively done an excellent job, although there is still much more to be done.

Nevertheless, Bill 79 became the new Indian Act, and from it resulted such persecutions as those which occurred at the Hobbema Indian Reserve in 1955. Some sections of the new act turned neighbour against neighbour and resulted in the attempted expulsion from treaty rights of over a hundred Indians who had spent all their lives on the reserve. This was one of the first clauses removed by the present Government.

However, we are still being subjected to other hardships as the result of the present act. Many of our problems are caused by the sudden transfer of powers to local Indian councils, who have had neither the education nor the experience to administer their economic and financial affairs. It is well and good that such powers should be in the hands of our own people, but only when we have gained the kind of training which will make us capable of doing these things. We have been wards of the Government for so long that we have forgotten how to administer our own affairs.

This experience does not come from going to school. When an Indian is sent to an Indian school and mixes only with people of his own race, he does not get the training necessary for him to compete in the world around him. It is my belief that no schools—particularly for high school pupils—should be built on the reserves, but that Indians should be encouraged and assisted in mixing with non-Indians so that they may receive a better understanding of the country in which they live.

Honourable senators, I hope you will forgive me for going into such details about the previous joint committee, but I want you to know how the Indians felt about it. We are happy that the meetings were held, but felt that we had wasted our time by coming to Ottawa in 1951. The two bills which were brought forward by the Government in general did not follow the suggestions either of the Indian peoples or of the joint committee.

We are happy to see that the new Government now proposes to review the present Indian Act. We hope that on this occasion the suggestions of the Indians will be considered more seriously. We Indians are the ones who live under the shadow of this act, and we know from experience the good and bad points of it. While we cannot expect a complete solution to all our problems, we do hope that relief will be given from the more offensive or unjust aspects of the present act.

As in 1947, I again look forward to the dawn of a new life for the Indian people of Canada. In 1947 the sun did not rise above the horizon, but plunged us into greater darkness. I hope that as a result of this proposed joint committee we will now be assisted in making the slow and difficult transition from our native life to that of the people around us, which is our only hope.

Honourable senators, the native population of Canada is conservative with a small "c". Our Indian brothers, with good reason, are suspicious of change, for fear that what little they have left may be taken away or impaired. They demand the assurance that nothing that may be done by the Parliament or Government of Canada will diminish or impair the guaranteed rights which have hitherto been conceded to them. They are understandably fearful of any encroachment and will want to be reassured in this regard. At the same time our Indians are not unaware that there are basic human rights and freedoms not now assured to them. At present they need the protection hitherto accorded them but they do not regard themselves in any way as a subject or a servile race. They are now thriving and looking forward to a better life. May I invite my fellow-Canadians to do everything in their power not only to safeguard the historic rights of our native Canadians, but to improve their status and lot in life so that they may in future contribute materially to the welfare and glory of this great country of Canada.

On motion of Hon. Mr. Higgins, debate adjourned.

PRIVATE BILL

BOILER INSPECTION AND INSURANCE COMPANY OF CANADA—SECOND READING

Hon. William R. Brunt moved the second reading of Bill S-8, respecting The Boiler Inspection and Insurance Company of Canada.

He said: Honourable senators, this bill provides amendments to the original act of incorporation of The Boiler Inspection and Insurance Company of Canada, which was incorporated by act of Parliament in 1875. This company has its head office at the city of Toronto, and it is the oldest company in Canada specializing in the field of boiler and machinery insurance.

Under this bill the company seeks four things: first, an extension of the classes of

business that it may write; second, an increase in its authorized capital; third, a reduction in the par value of its shares from $100 to $10 each; and finally, certain other amendments of a rather technical nature.

The company was originally incorporated under the name of The Canadian Steam-Users' Insurance Association, which was changed by acts of Parliament passed in 1889 and in 1892. The original capital of the company consisted of $500,000, divided into 5,000 shares of the par value of $100 each.

The bill now before this house provides for an extension of the classes of business the company would be authorized to transact. It will be seen from the explanatory notes that the previous objects clauses as contained in the original act of incorporation and in the two amending acts, the first passed in 1889 and the second in 1892, are rather cumbersome and do not give to the company the power to extend its operations throughout the field of fire and casualty insurance which, at the present time, is essential to a company of this type. In coming to Parliament the company seeks power to transact all the usual classes of business except life insurance. These classes are set out in detail in clause 1 of the bill, and they fall in one or other of two classifications: either as fire insurance or casualty insurance. I might state that the company does not intend to alter the nature of its main business, namely, the writing of boiler and machinery insurance, but it does feel that it should have the right to write these additional classes of insurance if it is to progress with Canada.

This bill, in addition to changing or extending the classes of insurance which the company can write, will increase the authorized capital of the company to $1 million, to be divided into 100,000 shares of the par value of $10 each. Further, it will authorize the company to increase, by by-law, its capital to an amount not exceeding $2 million upon approval first having been obtained in the usual way, by two-thirds of the votes cast at a special general meeting of the shareholders of the company called for the purpose of considering the same.

At the present time this company has outstanding 3,000 shares of a par value of $100 each. These shares will be subdivided into 30,000 shares, so that each shareholder will receive 10 shares for each share now held by him.

The par value of these shares will then be reduced from $100 to $10. The increase, as the explanatory notes to section 2 indicate, is sought as a result of the extraordinary growth of the company's business and the size of its surplus, and the reduction in the par value of its shares is sought on the ground that such reduction would give the capital stock of the company a greater marketability and popularity with the investing public. The officers of the company have advised me that it is not the company's present intention to make a public offering of its shares, but they feel that the par value of the shares should be reduced in view of the possibility of this taking place at a future time.

The next change that should be noted concerns clause 4 of the bill, which amends section 8 of the original act of incorporation. This latter section is set out in full in the explanatory notes, and provides that notice of shareholders' meetings shall be given in accordance with section 6 of the 1875 act, which called for 15 days' continuous notice in a daily newspaper at or near the head office of the company. Not only is such extended notice unnecessary, but its cost has become extremely high; and the suggested amendment would require that only one insertion of the notice of shareholders' meetings be carried in at least two newspapers—which requirement, I believe, is in line with the present provisions of the Canadian and British Insurance Companies Act.

The last and final amendment sought by this bill concerns section 18 of the act of incorporation, which limits dividends paid in any one year to 20 per cent of the paid capital of the company. In view of the present surplus of the company this limitation means that dividends of less than 2½ per cent of the entire working capital of the company can be paid, and it is now felt that this situation is unduly restrictive and could well be eliminated.

Hon. Mr. Euler: May I ask my honourable friend a question? I think he has stated that the company does not intend to make any public offering of its stock.

Hon. Mr. Brunt: That is correct.

Hon. Mr. Euler: Does that mean it is going to issue stock in any other way?

Hon. Mr. Brunt: It is quite possible the company may give the present shareholders the right to subscribe for additional shares.

Hon. Mr. Wall: May I ask the honourable senator a question on an interesting point, in respect to subsection (3) of section 1, which appears on page 2 of the bill? If a company is to engage in any of these additional coverages, does this mean that the paid-up capital, together with the surplus for each of these additional services, has to be increased by the sums indicated so that the income from

the $300,000 paid-up capital, if the company engaged in all these various lines of insurance, could well become, on a quick guess, about $1 million?

Hon. Mr. Brunt: I am not quite sure of the answer to that, and I would prefer not to try to give it. When the bill goes to committee I will have the proper officers of the company there to explain and give the answer to the honourable senator.

Hon. Mr. Isnor: If I remember correctly the honourable gentleman from Hanover (Hon. Mr. Brunt) stated that under the act of 1875 the company was supposed to give 15 days' notice of shareholders' meetings.

Hon. Mr. Brunt: Continuous notice.

Hon. Mr. Isnor: What do you propose under this present legislation?

Hon. Mr. Brunt: It is proposed to have one insertion in two newspapers located at or near the head office of the company.

Hon. Mr. Isnor: That can only happen after the shareholders have a meeting, as I understand it.

Hon. Mr. Roebuck: May I ask what other notice a company must give in addition to the two insertions?

Hon. Mr. Brunt: The usual notice to the shareholders. This is something additional. In 1875 advertising costs were very small and 15 days' continuous advertising did not amount to very much.

Hon. Mr. Roebuck: Do you have to insert anything in the *Canada Gazette*?

Hon. Mr. Brunt: No. The Canadian and British Insurance Companies Act does not require anything to be inserted in the *Canada Gazette*, as I understand it.

Hon. Mr. Roebuck: It seems to me that nowadays when shareholders in these big institutions reside in all parts of the country, from one end of Canada to the other, that the publication in one newspaper or two newspapers—perhaps two newspapers in the one locality—without any provision with regard to how much circulation they have or whether they are national papers is inadequate and we might well dispense with any such publication whatsoever. I think the time is coming for that.

Hon. Mr. Brunt: I am inclined to agree with the honourable senator.

Hon. Mr. Hugessen: Would it not be much more effective, instead of requiring the notice of the annual meeting to be given in a couple of newspapers 15 days beforehand, to insert the usual provision, which is far more effective, that notice should be sent by registered mail to the address of each shareholder before the meeting?

Hon. Mr. Brunt: I understand that is provided for under the bylaws of the company, and this amendment in question is to get away from the great expense of publishing for 15 continuous days in a daily newspaper.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Brunt, bill referred to Standing Committee on Banking and Commerce.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce, Nos. 76 to 82, which were presented on Thursday, February 5.

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

Motion agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, February 11, 1959

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

Prayers.

DOCUMENT TABLED

Hon. Mr. Aseltine: Honourable senators, I table the following document:

Copy of note, dated January 10, 1959, from the Soviet Government to the Canadian Embassy in Moscow, concerning the conclusion of a peace treaty with Germany, together with appended copy of a draft Peace Treaty with Germany. (English text).

CANADA-NEW BRUNSWICK INDIAN RESERVES AGREEMENT BILL

REPORT OF COMMITTEE

Hon. Cyrille Vaillancourt, Chairman of the Standing Committee on Natural Resources, presented the report of the committee on Bill S-6.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Natural Resources, to whom was referred the Bill (S-6) intituled "An Act to confirm an agreement between the Government of Canada and the Government of the Province of New Brunswick respecting Indian reserves", have in obedience to the order of reference of February 5, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon. Mr. Aseltine: Tomorrow.

DIVORCE

BILLS—FIRST READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill SD-46, an Act for the relief of Bernice Sylvia Sinclair Somerville.

Bill SD-47, an Act for the relief of Judith Ortenberg Baxt King.

Bill SD-48, an Act for the relief of Yaroslavna Zonia Lazarowich Johnson.

Bill SD-49, an Act for the relief of Gertrude Scharge Izenberg.

Bill SD-50, an Act for the relief of Joseph Moreau.

Bill SD-51, an Act for the relief of Sydney Hislop, otherwise known as Sidney Hislop.

Bill SD-52, an Act for the relief of Lenoir Grace Spencer Jennings.

Bill SD-53, an Act for the relief of Olive Florence Andrews Bowness.

Bill SD-54, an Act for the relief of Pearl Severs Schrieder.

Bill SD-55, an Act for the relief of Vivian Joyce Taylor Ross.

Bill SD-56, an Act for the relief of Jacqueline Jeanne Lamy Harper.

Bill SD-57, an Act for the relief of Kathleen Iris Daunt Robinson.

Bill SD-58, an Act for the relief of Jacques Flahault.

Bill SD-59, an Act for the relief of Gladys Allen Marvin.

Bill SD-60, an Act for the relief of Miriam Keppel Segal.

Bill SD-61, an Act for the relief of Ronald Ernest Fyfe.

Bill SD-62, an Act for the relief of Elsie Elizabeth Wand Bourret.

Bill SD-63, an Act for the relief of Margaret Sonia Lawrence Canny.

Bill SD-64, an Act for the relief of Andree Pauline Dorothy Pryce Clarke.

Bill SD-65, an Act for the relief of Henry Frank Whiston.

Bill SD-66, an Act for the relief of Rita Thibeaudeau Cardinal.

Bill SD-67, an Act for the relief of Janine Sutto Dagenais.

Bill SD-68, an Act for the relief of Evangeline Vaughan Fortin.

Bill SD-69, an Act for the relief of Gloria Helen Gross Caplan.

Bill SD-70, an Act for the relief of Thelma Georgine Ferguson Strathy.

Bill SD-71, an Act for the relief of Percy Herbert Manuel.

Bills read first time.

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

Hon. Mr. Roebuck: With leave of the Senate, next sitting.

CANADIAN BROADCASTING CORPORATION

INQUIRIES AND ANSWERS

Hon. Jean-François Pouliot inquired of the Government, pursuant to notice:

No. 1.

1. Who are the producers of the Canadian Broadcasting Corporation at present on strike, and what amount was paid to each of them by the C.B.C., and for what programs?

2. What was the total cost of these programs on television?

No 2.

What salary was paid to each artist of the Canadian Broadcasting Corporation from January 1, 1958 until December 31, 1958?

No. 3.

What amount was paid to the Canadian Broadcasting Corporation by each sponsor on television, from January 1, 1958 until December 31, 1958, and for what programs?

Hon. W. M. Aseltine: Honourable senators, I have the following answers to the honourable gentleman's inquiries:

The Canadian Broadcasting Corporation advises as follows:

No. 1

(1) A list of producers at present on strike is attached as Appendix I. (*See below.*)

It would be detrimental to the position of the corporation in negotiating for the services of producers to make public the amounts paid to individuals for services.

Unless a limited period were specified it would be difficult if not impossible to list the programs produced by this group of producers.

(2) See No. 1.

No. 2

Artists are not paid a salary but are engaged on a per occasion basis. Statements of payments to individuals have been held to be not in the public interest as being detrimental to the position of the corporation in negotiating for such services for broadcasting.

No. 3

As the corporation is engaged in a competitive business it would be disadvantageous and in the view of the corporation unethical to make public amounts paid to the corporation by commercial sponsors.

Appendix I

Allard, Claude R.
Barbeau, Roger
Beaudoin, Louis Philippe
Beaulne, Guy
Bedard, Louis
Beland, Jean Louis
Benjamin, Jean Guy
Bissonnette, Jean
Blouin, Jacques
Blouin, Paul
Boissay, Rene
Bouchard, A.
Bousquet, Andre
Brisson, Marcel
Cacopardo, Max
Caron, J. C.
Carrier, Louis George
Castonguay, Pierre
Chamberland, Francoise
Chamberland, Paul
Chapdelaine, Gerard
Choquette, Fernand
Chouinard, Miss Fernande
Dagenais, Gaston
Dansereau, Jacques
Desorcy, Claude
De La Rochelle, Gilles
Desormeaux, Guy
Desroches, Pierre
Doclin, Nicolas
Dubois, Maurice
Dumas, Charles
Dumas, Jean
Falardeau, Maurice
Faucher, Jean
Faure, Jacques
Finozzi, Claude Jasmin
Forget, Aime
Fortin, G. Noel
Francon, Georges
Fugere, Jean Paul
Gagnon, Denys
Gauvreau, Pierre
Gauthier, Jacques
Guay, Rolland
Ippersiel, Fernand
Lebel, Jean
Leboeuf, Pierre
Leonard, Jean
Laporte, Jean Maurice
Leduc, Guy
Leroyer, Miss Lisette
Letuve, Louis
Marois, Miss Madeleine
Martin, J. O.
Morin, Andre
Morin, Pierre
Parent, Bernard
Parent, Guy
Pard, Miss Yvette
Pellerin, Jean
Proulx, Jean Guy
Quirion, Fernand
Quemart, Miss Jeanne
Racine, Roger
Renaud, Gerald
Renaud, Jean Lecompte
Richer, Simon
Senecal, Jean Pierre
Senecal, Gilles
Seguin, Robert
Sylvestre, Claude
Verne, Rene

66972-1—10½

MOTION

Hon. Jean-François Pouliot moved, pursuant to notice, for:

Copy of the form of contract between the Canadian Broadcasting Corporation and the producers.

Hon. Mr. Aseltine: Honourable senators, I have several copies of the agreement, in both English and French, and I will table one set. I shall be able to furnish the honourable senator with several copies for his own information. As the document is quite long and involved, I would suggest, with his permission, that it may not be necessary to print it in the Senate records.

Hon. Mr. Pouliot: I thank the honourable gentleman. I am very anxious to look at the text of the agreement.

ST. LAWRENCE SEAWAY

OFFICIAL OPENING

On the Orders of the Day:

Hon. Sarto Fournier: Honourable senators, a few moments ago in the House of Commons the Right Honourable the Prime Minister made an announcement to the effect that on June 26 the President of the United States, accompanied by Madam Eisenhower, will join with Her Majesty the Queen and Prince Philip to officiate at the official opening of the St. Lawrence Seaway. I was in the gallery at the time, and I noticed that from all corners of the house there was an obvious feeling of happiness at that news.

I would like you, honourable senators to know that the people of Montreal, in a few minutes from now, will certainly be happy to hear this news.

I think it is in order to congratulate the Government of Canada on having successfully arranged for this visit of the President of the United States to our country and although perhaps I am not authorized to speak on behalf of the population of Canada, I do not think it would be an exaggeration to say that the whole of the Canadian people will be delighted and honoured by the visit.

(Translation):

Honourable senators, a few moments ago the Right Honourable the Prime Minister made an announcement in the House Commons to the effect that on June 26 the President of the United States, accompanied by Mrs. Eisenhower, will join with Her Majesty the Queen and His Royal Highness Prince Phillip to officiate at the official opening of the St. Lawrence Seaway in Montreal.

I noticed with deep satisfaction that, from all sides of the house, the news was greeted with pleasure and enthusiasm, as it will no doubt be greeted by all Canadians, in a few hours, and especially by the people of Canada's metropolis.

I think it is in order to offer cordial congratulations to the Government of Canada for having successfully carried out its arrangements with the President.

The visit of our Queen and of the head of the great republic to the south on this occasion will rank as one of the most important events of this century in Canada, in North America and in the Commonwealth.

The seaway is one of the greatest shipping projects ever undertaken on the face of the earth. It was made possible by the friendship, understanding and mutual trust of the two great peoples who traditionally live in peace and look to the future with confidence. It also testifies to the economic strength of Canada which will ever continue to increase.

For us Montrealers it is surely the event of the century and, as mayor of the metropolis, I am most happy to take this opportunity of wishing in advance a most cordial welcome to our illustrious and royal guests.

I may also add that, if it pleases honourable senators to honour us with their presence on that day, they are invited to come and share the royal welcome which will be extended by our people.

Honourable senators, may I be allowed to point out that we have today the pleasure and honour of welcoming in our country's capital a large delegation of civic employees from the City of Montreal.

(Text):

We hope that on this occasion a large delegation from the Canadian Senate will attend the big ceremony in Montreal. I would like to let you know, honourable senators, that each and every one of you will be especially welcome in that city, the more so because it happens fortunately that one of your humble colleagues is at this time mayor of Montreal. As mayor, I will be in a position to extend to you a most hearty and, I hope, as royal a welcome as I shall try to extend to Her Majesty the Queen.

MONTREAL CIVIC EMPLOYEES—VISIT TO PARLIAMENT

I wish now to refer to an event that is taking place in Ottawa today. Parliament is being visited by a delegation from the civil employees of Montreal. Those employees, who number 15,000 have organized themselves into study groups and attend various courses at the university, as well as visiting various places of interest with a view to becoming more competent to handle their duties.

(Translation):

Our public servants have organized themselves in study groups, with a view to improving their minds and fulfilling their duties more efficiently. They understand that municipal government is the closest one to the people and that all over Canada civic employees are the public servants closest to our citizens; it is their duty to receive them, to speak and to listen to them in an effort to understand them and to satisfy their needs. They are doing that task with ability and friendliness.

And there is not a week that passes but that visitors from abroad, who have come to inquire into the workings of our various municipal services, write us, upon returning to their own city or country, give the kindest and well-deserved praise for the quality of our services.

For those reasons, honourable senators, may I repeat that I am most happy to see them here and I hope they will retain the most useful and pleasant memories of their visit to Ottawa.

(Text):

HON. ARTHUR L. BEAUBIEN

BIRTHDAY FELICITATIONS

Hon. Vincent Dupuis: Honourable senators, I would like to take this opportunity to congratulate in your name one of our colleagues, on this the anniversary of his birth, for his wisdom and his contribution in a large measure to the good administration of the Senate of Canada. I speak of our good friend Senator Arthur Beaubien.

It is said in the Book that the elders are nearest to the Throne because of their wisdom. Well, because of our honourable colleague's wisdom, his four score years "and less" do not show on him.

Senator Beaubien was born on a farm, near the land of his ancestors, and as a farmer he was better able perhaps than many others born in other circumstances to become a wise man even in his younger days. He proved his early wisdom when in 1921 the electors of Provencher decided to send him to Ottawa as a member of the House of Commons under the banner of the National Progressive Party. He was one of the first

members of Parliament to show independence, and he came here with an open mind to study public life in this country. In his wisdom and at the appropriate time he decided to change his affiliation, but neither going too much to the left with the revolutionaries, nor too much to the right with the reactionaries, he rather went straight ahead with those who favoured progress without revolution nor reaction, and so he joined the ranks of the Right Honourable William Lyon Mackenzie King.

The history of Canada, as it will be told in the future, might well have been different had our good friend not left his earlier party and joined the Liberal party as he did.

Without making what may be regarded as a partisan speech, may I conclude by saying we owe much to our honourable colleague Senator Beaubien, and we wish him another score of good and wise years to come.

Hon. Arthur L. Beaubien: Honourable senators, I wish to thank my honourable friend the senator from Rigaud (Hon. Mr. Dupuis) for the kind words he has spoken on my behalf.

It is true, I am up in years. Nevertheless I hope Providence will be kind enough to give me a few more years, so that I may continue to enjoy the privilege of being associated with my colleagues in the Senate, a body that I think no other in the world can compete with for kindness, wisdom and all the other good qualities. Once again, I thank you.

Mr. Speaker, as long as Providence gives me strength you will from time to time see me cross over to the other side of the chamber, but I hope I may not do so when Your Honour is on your feet. I have been told that I have transgressed in that respect. But you can rest assured, Sir, that as I grow older I will correct all my sins.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

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

Hon. John G. Higgins: Honourable senators, from force of habit I almost committed a breach of the rules of this house. If I had done so, I suppose I would have been thrust into outer darkness, for which there would have been no gnashing of teeth on your part but a great deal of weeping on my part. If in the future I commit a blunder—and I am apt to do so—I would ask you to consider and accept the precept of equity which decrees that that is done which ought to have been done; and if at any time I say anything unforeseen, please do not consider what I said, but what I ought to have said. Then everything will be well: you will be right, I shall be put right, and you shall be giving me the charity of the doubt.

I suppose there comes in the life of every man the time when he makes his maiden speech, whether it be in an institution, organization, association, or the Senate of Canada. This is my maiden speech in the Senate. To you, honorable senators, it is like an axiom, the truth of which is so apparent as to be instantly admitted. It is rather incongruous to apply the word "maiden" to middle age. Of course there is no such thing as old age. Many people hover on the fringe of old age, never reach it, and die in middle age. The Scripture's three score years and ten has been discarded and has no application under modern conditions. We all live in the serenity, culture and pleasantness of middle age.

I first saw the Senate many years ago when a flippant friend was showing me around Ottawa in my youthful days. Naturally, we came to the Senate chamber. He said, "This is the Senate. 'Senate', as you know, comes from the Latin *senex*, and that means 'old'. This is a forum of old men." The implication never struck me until the other day. On the Thursday when I was sworn in I took it as a personal insult. When I look around and see such fine-looking, young-looking and bright-looking senators—including myself, of course—I would like to say, but I cannot say it, because, I understand it has been declared unparliamentary in the other house, that that friend's remark was a fabrication, but I will adopt a remark of the Speaker of another house—the same house to which I was referring—that probably the word "invention" will do. So I say that probably it was an invention. Speaking seriously now, this young man is, I suppose, today of my vintage, and as he grows older he will no doubt realize the value of maturity of judgement and wisdom. The leaders in peace and war of today are looked upon by young men as old.

The second time I saw the Senate was in 1949, when I was returning from the Canadian Bar Association meeting in Banff. I stopped off here in order to see the opening of Parliament. It was in September. I remember well that afternoon; the memory is vivid, the scene is ever before me. The lobby outside was crowded; the galleries were filled with beautiful women in dresses

of variegated colours. The judges, in bright-coloured robes, were balancing themselves on the Woolsack. The red carpet was ablaze, the lights lit up the ceiling and walls. It was a scene of riotous colour, as though the pomp of autumn had entered the council chamber. But where is the Woolsack? I suppose one might as well ask, "Where are the snows of yesteryear?" No doubt some changes are necessary and, as for the Woolsack, I do not suppose it was the most comfortable seat in the world, and there was always the possibility that one of the judges might fall off, which would be very undignified.

The third time I look on the Senate is now when I come here during my maturer days to take part in the deliberations of one of the great Parliaments of the world.

I come from St. John's, Newfoundland. I was born and bred there, and by the grace of God I shall die there and be buried among my forebears. I say that publicly because I have received letters from real estate agents telling me that they understood I intended to make my permanent home here and offering me good houses in the vicinity.

St. John's, the capital city of Newfoundland, with a population of 60,000, is the oldest inhabited portion of this side of the world, apart of course from its occupancy by the red Indians, who were there before we came. It was discovered in 1497 by John Cabot, who annexed it in the name of the King of England. Cape Breton makes the same claim, but if Cape Breton was discovered first, and so has the right of priority, why did so many fishermen come to the waters around Newfoundland rather than to Cape Breton? I would not try to strain your credulity by suggesting that one evening in 1497 John Cabot, looking at the radar on board his little schooner and seeing a black mass, said: "Heavens, I have discovered Newfoundland. I was told to discover Cape Breton." He gave the order "Hard a port, south by west," and that night he went down the coast of Newfoundland until he came to Cape Race and, turning west, sailed on mile after mile until he landed at Cape Breton. If anyone wants to challenge that I would reply as did the virago who, turning on her henpecked husband, said: "That is my opinion. Let me have your weak rejoinder."

Within a few years after St. John's was founded thousands of fishermen from all parts of Europe arrived, and St. John's was well inhabited by the year 1500. Of course other places on the island besides St. John's became populated. There are many small bays and coves in which Newfoundlanders settled to carry on their vocation of fishing. In fact, there are so many of these big bays and small bays and little coves that the coastline of Newfoundland has the enormous extent of nearly 5,000 miles.

The early history of Newfoundland is, then, the history of the North American continent. It was the cornerstone of civilization on this side of the world. By its formal annexation by Sir Humphrey Gilbert, in 1583, it became the cornerstone of the British Empire. There is evidence that Vikings landed in Newfoundland in the tenth century, and there is a story that St. Brendan and some Irish monks arrived there. According to legend St. Brendan, looking toward the west in search of the famous Isles of the Blest, set out with other monks from Ireland and came first to Iceland, from Iceland to Greenland, and from Greenland to Newfoundland—so mapping out the future course of the aeroplanes. When Cabot landed at Newfoundland, in 1497, he met nobody who could speak anything but the language of the aborigines. It is, however, an historical fact that when the Pilgrim Fathers landed on Plymouth Rock, in 1620, they were welcomed in their own tongue —English—by an Indian named Squantum, who learned the English language in Newfoundland. Let me here remark that if, because of something which happened in 1620, some Bostonians and others regard themselves as having blue blood in their veins, there must be a large number of Newfoundlanders going around with golden, or rather purple, blood, making them the aristocrats of this part of the world, although of course the real aristocrats are the red Indians who first occupied this place and whose ancient background may make even blue-blooded Bostonians blush.

The fishermen of Newfoundland built up the commerce of the west of England. It is said that for nearly two hundred years half the wealth of England came from the ocean around Newfoundland. Lord Bacon declared that the fisheries of Newfoundland were richer and more important than the famed Peruvian mines; and Pitt, the great Englishman, said that if Napoleon took London he, Pitt, would still fight on to preserve the fisheries of Newfoundland.

The fisheries were, and still are, carried on in two ways. We have the shore fishing around the bays and coves, where men go out in the evening from their little hamlets and villages to set their traps or trawls, and in the morning draw their traps or trawls. The other type is called the bank fishery, where the fishing is carried on at the big plateau, the Grand Banks, some 90 to 120 miles from Newfoundland. There schooners stay two or three weeks, and when they get a load of fish they come into Newfoundland. The shore fisheries of Newfoundland have deteriorated in the last few years.

I do not think the Premier of Newfoundland has much sympathy with shore fishing. He seems to look at the same ocean and see only the water.

Well, I came in with Cabot and went out with Pitt, 300 years later, and now I am going to pass the next 150 years, except for referring to one point. In Placentia Bay there is a place called Placentia, which is the old capital of the region occupied by the French around the year 1662. And there on the borders of Placentia Bay, near Placentia, Roosevelt and Churchill drafted the terms of the Atlantic Union on a warship which was anchored there.

There is a charming collection of place names in Newfoundland and a large number of those go back to the sixteenth and seventeenth centuries. Some are in the French language, some in the English language and some in other languages, and of course many of them have become Anglicized either by translation or phonetically. For instance, Havre de Grace became Harbour Grace, Cape de Raz became Cape Race. A particularly outstanding example of phonetic change is a place outside St. John's called Bay Bulls. The real name was Baie des Boules, the Bay of Rocks. Many old French names still remain in their original form: Notre Dame Bay, Baie d'Espoir, which in Newfoundland is called Bay Despair—a terrible phonetic change—Franchois, Bay de Vieux, Chaleur Bay, Cinq Cerf Bay, Benbois, L'Anse a l'eau, La Hune, La Manche, Bonne Esperance, Bay de Verde, and then the Basque name which has such a familiar but such an embarrassing sound in some circles around here, Port aux Basques. There are other delightful happy names, such as Seldom-Come-By, Blow-Me-Down, Luchs's Bight, Heart's Desire, Heart's Content, Heart's Delight, and Little Heart's Ease, and that most poignant one of all, Breakheart Point.

I have some maps starting with Ramusio's of 1556 and going on through the sixteenth and seventeenth centuries, with the same names existing now, the names being in French, English, Italian or Dutch, according to the country in which the maps were made. One thing, I trust, is that the Postmaster General will leave these names alone and make no changes in them.

I said that Newfoundland was first inhabited in 1500, one hundred years before the mainland was inhabited. Yet we talk of the baby province—a baby 100 years older than the mother. If you can explain that you can explain creation, and then you are in the realm of the supernatural, and I do not think it is within the jurisdiction or province of this Senate to deal with supernatural matters.

Newfoundland has been painted by many people who never saw the place. It has often been spoken of in such a way that one would think we Newfoundlanders live near the North Pole. In reality we are almost as far south as Paris, France, and by latitude we lie between Seattle and Vancouver. In the last few years the temperature has rarely gone below zero. We do not get the heat of the summer that is so oppressive on most parts of the mainland. We have no earthquakes to terrify us. We have no tornadoes or floods to disturb the peaceful serenity of our lives. We may live wrapped in the solitude of our isolation, but it is the solitude of peaceful ways, and the isolation leaves us our own customs and our own form of speech still intact.

Honourable senators, a couple of days before I came to Ottawa a friend of mine with classical knowledge told me that he knew I would enjoy myself in the Senate, where I would have *otium cum dignitate*—ease with dignity. Now, the ease is understandable but the dignity is doubtful. You know, it is hardly dignifying for a senator to wander around the halls of this mammoth building not knowing where he is and whither tending, till finally he gains enough of courage to ask some attendant for directions. He seems more like a character walking out of Mark Twain's *Innocents Abroad*. I well remember one time trying to find the chambers of the Speaker of the House of Commons, an old friend of mine. Somehow I found myself on the proper floor after directions had been given me. I certainly saw the same Gothic arches there but I still didn't know where I was, so I went to an attendant at a desk and asked him where the Speaker's chambers were. He asked, "Have you got an appointment?" and I said, "No". He said, "Then I had better phone" and I said; "No, it isn't necessary. I just want to leave a note at his office." He still wanted to phone and I said, "I just happen to be a senator and I am sure nobody will object to my going to the office without being announced beforehand." Well, his whole attitude changed then and he led me to the door. I guess he was afraid I would lose myself again.

Probably if I had the navigational gifts of the sea captains of Newfoundland who prowl along the bays and coves and shores of Newfoundland in all kinds of stormy weather, of the captains who could have given expert advice regarding the *William Carson* and could have told about the harbour of Port aux Basques, I am sure I would have got my bearings and arrived at my port expeditiously and in safety.

The first moment of my appearance in the Senate was one which will be ever impressed on my mind. I came up to the Senate door on the Thursday morning of the day when I

was installed here. There was a bright young looking man at the desk and I said to him, "Can you tell me where Senator Aseltine's room is?" He replied: "I will phone. What is your name?" I said, "My name is John Higgins" and he took the phone down and started to phone. After talking for a short while he put the phone back on the hook and turned to me and said, "Senator Higgins, I congratulate you, and welcome." Somehow I went up the stairs with my head held higher and my shoulders thrown back, and my whole being exhilarated. That was my first welcome to the Senate. But it was the forerunner of many other welcomes kindly given me by the honourable senators and the members of the staff and those who look after our peace and security. These, I say, will be pleasant memories. They form the touch of nature which makes the whole world kin. I began to realize I was in a friendly atmosphere. I saw friendly faces and I heard friendly voices. The handclasps were friendly. I had come to a place which heretofore had not been part or parcel of my life and I felt I was not a stranger in the land. The words of Belloc haunt me:

> From quiet homes and first beginning,
> Out to the undiscovered ends,
> There's nothing worth the wear of winning
> But laughter and the love of friends.

When I came to Ottawa in 1949 I was a husky man, carrying 200 pounds of good Newfoundland beef and brawn. Now, behold me, a mere 160 pounds. I have gone from the heavyweight division to the welterweight class. I have gone through many vicissitudes since Confederation took place between Newfoundland and Canada. In 1950, when I was crossing the Cabot Strait, a terrible storm arose. I was thrown around my cabin and I had five ribs on one side broken. I landed at North Sydney, Cape Breton, where I spent some weeks in hospital. Two months later I got ulcers on the eyeballs and that was a terribly painful experience. That summer I attended a joint meeting of the Canadian and American Bar Associations at Washington, and on my way home I got my arm caught in a subway car in New York. I fell on the ice shortly after and got that modern disease called bursitis, which laid me up a long time. I thought everything was finished. But a little less than three years ago I fell over my basement stairs and tore the main tendon on my leg, and I was in hospital some weeks in Halifax and then went around in a cast for some time. I seem to have been appointed by the Lord to atone for the sin of my country for entering Confederation, and the sin must be a very grievous one. I know the good Lord will not give me any more than I can bear, but I wish He didn't have such a high opinion of me.

Now, with all that in view, I pray that I shall always walk these corridors with circumspection, and slide along those slippery floors with ease and dignity, so that I shall be spared the terrible embarrassment of being found prone in some hallway, an attitude that might give rise to some grave suspicion, so that I might not receive either the benefit or the charity of the doubt.

Quod dixi, dixi. What I have said I have said. But what have I said? Some may think I do not know what I am talking about, and some may think that they do not know what I am talking about. Some may say it is only hodge-podge without law, order or co-ordination in it, and others may say it is no speech at all for the Senate. I know that some people let their minds wander and eventually lose them. I still have a grasp of my mind. That is my opinion, but it may not be yours.

I could have thanked the speakers who spoke so kindly of the three new senators—*les Trois Mousquetaires* who have joined the ranks of Gascony. I wish to rectify the omission. It is done. I do thank them from the bottom of my heart for the kind words that have been said. I also want to thank my senatorial parents—I don't think I should say godparents, but whatever the term is—who led me with all due decorum into this chamber, brought me to the inner sanctum and provided for my baptismal moments here, until I attained my majority on coming to my chair here.

I could have thanked the mover (Hon. Mr. Pearson) and the seconder (Hon. Mr. Choquette) of the motion for an Address, who started this debate. From what I heard of their speeches from those who have already spoken, and from others, I understand they were of a high order, models of their class and worth while hearing. Unfortunately, I did not have the opportunity or the pleasure of listening. It is heartening to realize that one of the speakers is the gentleman—pardon me, please consider I said the honourable senator—on my left (Hon. Mr. Choquette), the great bilinguist, who has given me some good advice, and will I am sure be "my guide, philosopher and friend" whenever the necessity arises.

I could have spoken of the Bill of Rights and I could have mentioned the United Nations. I could have talked of the natural resources of this great country and of the necessity for the preservation of our forests and the conservation of our wild life. I could have spoken of the wonderful railway services west of Montreal and the comparatively poor services east of Montreal. I could have discussed the means to exorcize the evil of inflation. I could have spoken of the advisability of converting bonds into longer-term issues at higher rates of interest,

and about short-term loans and the possibility of borrowing from one's self—a healthy, lovely, pleasant thought. I could have debated other matters, but not too well. I know only one side of the question and have not had time to learn the other side. If I spoke about those things, you might realize I was speaking as a special pleader, and what is worse I myself would think that I was acting as such.

Eben Holden, in the famous book *Eben Holden, said*:

> If everyone knew what he was going to talk about, there would be a heap more silence in the world.

As a corollary to that I would add that it is better for a man who has been asked to speak to keep sitting down and let his audience think he is a fool, rather than that he should get to his feet and talk a lot without saying anything and make his hearers sure he is a fool.

With that in view, I would think it presumptuous on my part, with my infantile senatorial experience, to speak on matters I am not thoroughly conversant with. Consequently, I took the two subjects about which I can speak, if not with expert knowledge, at least with more knowledge than all of you or at least most of you possess —that is, my country and myself. As to the former, there cannot be much doubt, but as to the latter perhaps I am wrong, because it may be a truism that if we knew as much about ourselves as others know about us we would be more careful and circumspect. Anyway, I did not say much about myself —modesty prohibits that—and what I did say was not controversial and it certainly was not flattering. No matter what I said—it may not be prose, and it certainly is not poetry, but whatever it is you can take it for what it is worth, and in all humility I say that may be nothing.

If my speech was not what was expected, if I did not give the information and treat of the subjects that are usually spoken about in the debate on the motion for an Address in reply to the Speech from the Throne, or if there is too much levity in it, then all I can do is to remind you of the sign over the piano in the saloon in the days of the lawless west, which read: "Don't shoot the piano player, he is only doing his best." Give me that chance.

In the days of my youth I used to read the speeches of the great orators of the British Houses of Parliament, particularly men like Chatham, Erskine and Mansfield, who spoke in the House of Lords. Now, I am not trying to push myself into the realm of oratory or to mix my humble name with those mighty ones, but I noticed that they always finished their speeches by saying, "My lords, I have done." I would not dare to say, "Honourable senators, I have done", because someone might ask, "Done what?" And then I would have to start all over again. So to avoid such a contingency I shall say, "Honourable senators, I conclude."

Hon. Sydney J. Smith: Honourable senators, in rising to participate in the debate on the motion for an Address in reply to the Speech from the Throne, I want to preface my remarks first by concurrence in the many complimentary words that have already been said by the former speakers in this debate about certain of our honourable colleagues. In some places, under some other circumstances, further compliments might be considered to be overdoing it or to be repetitious, but as one of our colleagues said here a few months ago:

> Pleasant duties are so rare that it is no burden to repeat these compliments.

I think under the circumstances that is right. The traditional custom of freely expressing admiration and respect for colleagues is one of the distinguishing characteristics of the Senate—just as a hallmark distinguishes sterling from plate. And so, honourable senators, it is without hesitation that I repeat, at this time, sincere congratulations to the Honourable the Speaker, the honourable Leader of the Government (Hon. Mr. Aseltine) and the honourable Leader of the Opposition (Hon. Mr. Macdonald) on their continuance in their respective offices. All have distinguished themselves by their dignified and faithful fulfilment of their duties in the past.

I also wish to extend my congratulations to the mover (Hon. Mr. Pearson) and the seconder (Hon. Mr. Choquette) of the motion for an Address in reply to the Speech from the Throne. These honourable senators, who are among the newer members of this house, displayed a quality that marks them for distinguished careers in this place.

To our three new colleagues who have just recently responded to the summons to serve in the Senate, I extend a warm welcome. But first I would like to pay a special compliment to the honourable senator who has just spoken (Hon. Mr. Higgins) and I think I can say that he treated us to a most refreshing and masterly speech. As a junior senator myself, I want to tell our new colleagues that the unanimous and friendly welcome which I received here two years ago has continued to grow in warmth and helpfulness as I have become better acquainted. I am sure they too will find their membership here the most inspiring experience of their lives.

Speaking now on the motion before us, I want to say that I made a very careful study and analysis of the Speech from the Throne and I found about forty separate subjects for consideration. Many of these subjects were presented in some detail, while others were rather obscured by the brevity of the reference to them. I wish to refer to Canada-United States relations, and I am encouraged to do so by the fact that the United States was mentioned once in the Speech from the Throne and Canada-United States relations were mentioned by the mover of the motion which we are debating. However, my main purpose in speaking on this subject now is to give my endorsation to the excellent report we heard from the honourable senator from Hanover (Hon. Mr. Brunt). I first wish to congratulate him upon the accurate detail with which he reviewed the meeting in Washington, D.C., on January 8, 9 and 10 last and, secondly, I wish to thank him for his kindly reference to my humble contribution to the meeting. I can assure honourable senators that the honourable Deputy-Leader of the Government (Hon. Mr. Brunt) leaned to modesty in his report. I want to associate myself with his complimentary remarks about the leadership given to the Canadian section of the Inter-Parliamentary group by the honourable Speaker of this house, in which he was ably assisted by the honourable Speaker of the other place. I hope I shall be excused for saying that the Canadian delegation as a body, including the ladies, made a worthy impression on the people whom we met—an impression that I am satisfied will contribute to making the Canada-United States Inter-Parliamentary Group a continuing and fruitful agency in fulfilling a need that has long been recognized.

We got away to a good start, and that start was not confined to the Washington meeting. That meeting was what I would call the last phase of the beginning of this important innovation. I am not going to thresh over old straw by reviewing in detail the various steps that led up to a renewed and vigorous interest in this subject within the last year. However, in order to furnish a background for what has happened just recently I want to say that, in my opinion, no other single incident did so much to push this proposal along to finality as the debate that took place in this house last session. The debate was inspired by a resolution put forward by the honourable senator from Shelburne (Hon. Mr. Robertson) who, in an excellent supporting address, reviewed efforts that had been made over a long period of time to promote an inter-parliamentary committee. Honourable senators will recall that the debate was marked by many brilliant addresses that reflected the intense interest of the Senate in the matter of Canada-United States relations. But much concern was expressed by several of the speakers who referred to many previous attempts that had died on the vine for lack of sustained interest and effort.

During the time the debate that I refer to was going on in this house, President Eisenhower paid a visit to Ottawa and addressed the two Houses of Parliament. The President's visit and his address contributed much to the cause of an inter-parliamentary committee. That is borne out by the fact that shortly after his visit the United States House of Representatives sent to Canada two distinguished gentlemen in the persons of Congressman Brooks Hays, of Arkansas, and Congressman Frank M. Coffin, of Maine. Their first visit to Canada, last spring, resulted in a report being released on May 5, 1958. On their second visit, which was in the fall of 1958, and, as I have already said, followed the visit of the President of the United States and also the unanimous passing by our Senate of the resolution supporting the Prime Minister's recommendation for an inter-parliamentary committee, these gentlemen travelled over 7,000 miles and visited many parts of Canada. They met many leading Canadians with whom they discussed Canada-United States relations. The report on their second visit was released on December 19 last. This report indicates that they made a very exhaustive study and submitted several recommendations to the Foreign Affairs Committee of the House of Representatives. For your information, and the record, I quote the first of their fourteen recommendations, which is headed "Inter-Parliamentary Understanding":

> We heartily endorse the proposed meeting between representatives of the Canadian Parliament and the United States Congress. We sincerely believe that meetings between the two groups of parliamentarians will, because of the differences between the Canadian and the United States parliamentary systems, facilitate better understanding of mutual problems. In Canada the executive leadership is identical with legislative leadership. In the United States, even when the executive and legislative branches are controlled by the same party, there is no guarantee of legislation to carry out administration policies. Because of the separation of powers of the executive and the legislative branches in the United States, information flowing to the executive does not necessarily reach the Congress and, consequently, action may be taken in ignorance of that information. Since Congress has responsibility for so many matters in the field of economic relations and trade, it is vital that these matters be brought to the attention of the Congress and that a forum be provided for discussion of these matters with our counterparts across the border.
>
> Although this inter-parliamentary working group is informal in both structure and procedure, we

hope that it will develop an agenda, hold well-planned periodic meetings, and will gradually involve a large number of parliamentarians of both countries.

This recommendation was closely followed by appointment of a United States committee consisting of eight members, four from the United States Senate and four from the House of Representatives. This committee is under the chairmanship of Senator George D. Aiken, of Vermont, who is known to many honourable senators here, and Representative Edna Kelly of New York, Chairman of the Foreign Affairs Committee of the House of Representatives. Our Canadian Parliament responded by appointing a committee of nine, made up of three members from this house and six from the House of Commons. I had the distinct honour of being appointed to this committee, along with the Honourable the Speaker and the Deputy Leader of the Government in the Senate, the honourable senator from Hanover.

Honourable senators, I want to repeat that I am satisfied that the new Canada-United States Inter-Parliamentary group is now away to a good start, and I am sure that it will continue to function in a manner that will fulfil the fondest hopes of all those people in both of our countries who have displayed a genuine interest in its need. In saying this I am not suggesting that we of the present group are any smarter, or any more sincere and diligent, than those honourable senators and others who have made attempts in the past to accomplish what has been attained in recent months. There is an element of timing about all such efforts. I think it is a just conclusion that the timing of this most recent effort was more suitable than that of former attempts. We were more fortunate in catching the public mind, and the attitude of legislators in the United States and, I might say in Canada too, was more receptive for a proposal to do something to improve Canada-United States relations.

I want to refer to a matter which has already been quite well covered by my colleague from Hanover but which is so important that I believe it warrants further reference. I refer to the sensational reception that our committee received when we were introduced on the floor of the United States Senate. I have no doubt that before we were introduced, and while we were waiting on the floor, there were individual senators who lacked a full appreciation of what the whole affair was about. This attitude applied more to the senators from points distant from the Canadian border, for we found as a general thing that our friends were those congressmen and congresswomen who represent constituencies not far removed from the border. It was that class of speaker who participated to a great extent in the reception we received. However, I can assure you that after listening to sixteen speeches of welcome given by their colleagues, the silent senators had a greater appreciation of the object of our visit. What we accomplished within an hour in this instance was well worth the whole trip.

We are much indebted to my committee colleague the honourable senator from Hanover for having requested permission for publication of the addresses of welcome made in the United States Senate as an appendix to the *Debates of the Senate* for Thursday, January 29th. If any honourable senators have not read the appendix I would seriously suggest that they do so. The fine spirit of welcome will do something to you. It will make you very proud of Canada.

Before concluding my remarks about the Canada-United States Inter-Parliamentary group I wish to concur in the words of praise of the honourable senator from Hanover for our Chargé d'Affaires at Washington and his staff. From the time we landed at the airport until we waved fond farewells three days later, Mr. and Mrs. Ritchie and members of the Canadian Embassy staff and their wives were constantly on the job to look after our needs and our comforts. Nothing was left undone that would help make our visit enjoyable, fruitful and effective.

So much for the Canada-United States Inter-Parliamentary group; it will provide an international clearing house where we can discuss our differences, but it will not be a cure-all and end-all of our differences. We must look on it as a new auxiliary in our efforts to apply our resourcefulness and genius to a satisfactory solution of our Canada-United States problems.

One of our more serious problems is related to our imbalance of trade with the United States. In recent years we have had a deficit of approximately $1 billion per year on our merchandise trade account with the United States. The intertwining of trade and investment between our countries has created a very complex problem, and one difficult to correct. However, there is one field of international trade that we can do something about, and that is the relatively modern field of trade and commerce, commonly referred to as the tourist trade.

In recent years Canadian tourists in the United States have been spending about $75 million a year more than American tourists have been spending in Canada. Think of it, honourable senators; 17 million Canadians have been spending $75 million more in the United States of America than 170 million

Americans have been spending in Canada. The ratio of population is just about 10 to 1, and if we visited one another on a parity basis and spent our money on that basis, Americans would spend ten times as much in Canada as Canadians spend in the United States. The latest figures I could get on this trade were for the year 1957. I find that in that year Americans spent $328 million, or $1.90 *per capita,* in Canada, compared with $403 million, or $23.50 *per capita,* spent by our citizens in their country. Had our tourist industry been on an equitable basis in that year our deficit of $75 million on tourist account would have been converted into a favourable balance of more than $3½ billion. A surplus on tourist account of that amount would have offset the billion dollar deficit on merchandise account and left us $2½ billion to the good. That represents a lot of money—half our budget, as it used to be, and in the neighbourhood of $150 per head of our population.

I suggest, honourable senators, that it is much easier to improve our tourist trade position than it is to improve our merchandise trade position. It is a selling job which of recent years, I believe, has not been as well done as it might have been. I am not blaming the various agencies engaged in tourist trade promotion. I believe that the Canadian Government Travel Bureau, the Canadian Tourist Association, the provincial tourist promotion agencies, as well as those operated by the railway and steamship lines and hotel companies, and many others, have done a good job with what they had to work with. But this is a business which has been expanding, and in many respects our competitors—and it is a competitive matter—have been extending themselves a little more than we have. Of recent years we have been outbid in many other parts of the world: for instance, Europe, Mexico, Hawaii and Jamaica. Our unfavourable position is evident when we trace where American and Canadian tourist dollars are going, because this spending is influenced by the efforts which are being made by foreign tourist promotion agencies.

To give a clearer idea of the relative position we are in, I am going to cite a few figures, for 1957, which are the latest figures available for comparative purposes. In that year Canada's appropriation for the Canadian Government Travel Bureau was about $2 million. The estimate for 1959-60 is $2,319,-342, or 13 cents per capita, for tourist trade promotion. In 1957 a group of foreign governments maintained 50 tourist and information offices throughout the United States, at a cost of $7,314,520. One group of 10 states of the United States carried on a joint program at a cost of $17 million. To mention certain areas which are in this business in a big way: in 1957 the state of Florida alone spent $4,180,000; Nassau, $1,300,000; Bermuda, over $1 million; Hawaii, $500,000; and Mexico, whose program in this respect is rapidly expanding but whose total expenditures are hard to ascertain because the work is financed through different agencies, is believed by those competent to judge to pay out at least $5 million a year.

There is one proposal that I commend to your earnest consideration. I endorse wholeheartedly the suggestion of the Canadian Tourist Association and kindred bodies that Canada start immediately on plans for a National Centennial celebration in 1967. This is not a new or original idea. Many people have put forth for quite a few years the suggestion that there should be a Canadian Confederation Centennial celebration, but usually all appeals of this kind have fallen on deaf ears, because five, eight or ten years is a very long time in the planning habits of a lot of people. It takes imagination and experience to appreciate that to stage the kind of celebration that will be successful calls for a lot of planning and preparation.

We have had many such functions in Canada. I recall, as I believe some honourable senators will recall, the wonderfully successful Quebec Tercentenary in 1908. In the intervening 50 years there have been a great many celebrations to mark historic anniversaries. The most recent with which I am familiar was British Columbia's 100th birthday party held last year in my own province, which was a tremendous success. Many have learned from experience with these functions that time, and lots of time, is the first ingredient for success.

As I say, many have suggested a celebration in 1967, but it remained for a well-known business executive, Mr. George C. Metcalf, of Toronto, to spark the suggestion with an appropriate appeal for immediate action. At the last annual convention of the Canadian Tourist Association, held in the Chateau Frontenac, in Quebec, last September, Mr. Metcalf emphasized the urgent need for immediate planning for Canada's centennial in 1967, in a most inspiring address entitled, "Horizons Unlimited". To fulfil requests for a transcript of Mr. Metcalf's address, a very beautiful brochure has been prepared. I received a copy of it two or three weeks ago and no doubt it has come to the attention of some honourable senators. I hope it will come to the attention of many people and that it will inspire them to do something about it—and to do it soon.

I do not propose to quote at any great length from this presentation, but one highlight is worthy of special mention. Mr. Metcalf said:

> Organize all across Canada, not just for 1967, but for every year, leading up to a climax in the centennial year.

During the next seven or eight years there will be many historic anniversaries in many parts of Canada that will provide opportunities to build up to the climax in 1967. For instance, in my own home town of Kamloops, British Columbia, in 1962, we will celebrate the 150th anniversary of the founding of our community in 1812 by the Hudson's Bay Company as a trading post, known as Fort Kamloops. The year 1962 will also mark the 100th anniversary of the arrival of the "Overlanders of '62". This was a hardy band of Canadians, men and women, who set out from Huntingdon, Quebec, on an overland journey to the famous gold fields of the Cariboo. West of Edmonton the party split up. One group travelled down the Fraser to the Cariboo country, while the other group travelled down the North Thompson River to Fort Kamloops, where they founded the first farming community. They were an adventurous people and they experienced hardships, tragedy, and finally victory. These two anniversaries provide, for Kamloops, a wealth of material with which to carry out a successful celebration, and I suggest that similar opportunities are numerous throughout Canada. The benefits will be both cultural and commercial. They will educate our people, both young and old. They will promote a pride in our country that is noticeably lacking and, as has been suggested by Mr. Metcalf, they will build up interest to a climax for our centennial year, 1967.

Such a project would also have a very important effect on our economy for many reasons, but I will only take time to refer briefly to a few of them. I have already pointed out that we have in the United States, a potential tourist market that could be worth, not millions, but billions of dollars. It is an easy market for us to develop for the reason that Americans like Canada and Canadians. Why shouldn't they? After all, nearly 10 per cent of the population of the United States is made up of ex-Canadians and their offspring. Over a period of about 100 years some 6 or 7 million Canadians moved to the U.S.A. And we must realize that this migration was not all one-sided. Statistics show that about 1½ million Americans have become residents of Canada. In each of the last five to ten years some 40,000 Canadians have gone to the United States to live and about 10,000 Americans have settled in Canada. If only some of these former Canadians would visit their old homeland each year, it would give our tourist trade a tremendous boost. If we made it inviting for friends and relatives of these ex-Americans to come and holiday in Canada, we would have another sizeable and profitable contingent of tourists.

Let's get behind this proposal for an immediate start on planning our centennial celebration in 1967 and many other minor celebrations in the years between now and then. Nature has provided us with the finest scenery in all the world. Geography has provided us with the most fun-loving, travel-minded neighbours in all the world. They have the time, the money, and the inclination to enjoy our hospitality. It only remains for us to bestir ourselves and take advantage of the incomparable opportunity that is ours. By so doing we would make a tremendous contribution toward correcting the present state of imbalance of trade between Canada and the United States.

On motion of Hon. Mr. Bradette, debate adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, February 12, 1959

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

Prayers.

LIBRARY OF PARLIAMENT

JOINT COMMITTEE—COMMONS MEMBERS

The Hon. the Speaker informed the Senate that the following message had been received from the House of Commons:

Resolved: That a message be sent to the Senate to acquaint Their Honours that this house has appointed Miss Aitken, Messrs. Argue, Bourbonnais, Bourque, Brunsden, Campeau, Dorion, Eudes, Fairfield, Fisher, Fleming (Okanagan-Revelstoke), Forbes, Frechette, Grenier, Hanbidge, Houck, Kindt, Knowles, LaRue, Lennard, Lessard, Macquarrie, Martineau, Matthews, McFarlane, McGee, McIlraith, Muir (Lisgar), Nixon, Pigeon, Pratt, Racine, Ratelle, Richard (Ottawa East), Simpson, Skoreyko, Small, Smith (Lincoln), Smith (Simcoe North), Smith (Winnipeg North), Southam, Stinson, Tremblay, Tucker, a committee to assist His Honour the Speaker in the direction of the Library of Parliament so far as the interests of the House of Commons are concerned and to act on behalf of this house as members of a Joint Committee of both Houses on the Library.

Ordered, that the message do lie on the Table.

RESTAURANT OF PARLIAMENT

JOINT COMMITTEE—COMMONS MEMBERS

The Hon. the Speaker informed the Senate that the following message had been received from the House of Commons:

Resolved: That a message be sent to the Senate to acquaint Their Honours that this house has appointed Messrs. Bourque, Campbell (Lambton-Kent), Carter, Deschatelets, Dorion, Doucett, Godin, Gour, Hales, Horner (The Battlefords), Lafreniere, Legere, Letourneau, Martin (Timmins), McGregor, McQuillan, Muir (Lisgar), Pratt, Richard (Ottawa East), Stearns, Taylor, Villeneuve, Weichel, Wratten, a committee to assist His Honour the Speaker in the direction of the Parliamentary Restaurant so far as the interests of the House of Commons are concerned, and to act on behalf of this house as members of a Joint Committee of both Houses on the Restaurant.

Ordered, that the message do lie on the Table.

PRINTING OF PARLIAMENT

JOINT COMMITTEE—COMMONS MEMBERS

The Hon. the Speaker informed the Senate that the following message had been received from the House of Commons:

Resolved: That a message be sent to the Senate to acquaint Their Honours that this house will unite with them in the formation of a Joint Committee of both Houses on the subject of the Printing of Parliament, and that the following members Messrs. Allard, Asselin, Badanai, Barrington, Batten, Belzile, Bissonnette, Boivin, Bourdages, Bourque, Brunsden, Cadieu, Campeau, Clancy, Cooper, Creaghan, Deschambault, Dubois, Dupuis, Fane, Flynn, Gillet, Godin, Grafftey, Gundlock, Henderson, Howard, Jorgenson, Korchinski, Lahaye, Lessard, Letourneau, Loiselle, MacInnis, MacLellan, Martin (Timmins), Martini, McLennan, McWilliam, Michaud, Morissette, O'Leary, Phillips, Rapp, Ratelle, Richard (Kamouraska), Robinson, Rouleau, Skoreyko, Smallwood, Southam, Taylor, Thrasher, Winkler, will act as members on the part of this house on the said Joint Committee on the Printing of Parliament.

Ordered, that the message do lie on the Table.

DOCUMENT TABLED

REPORT OF TARIFF BOARD ON TEXTILES

Hon. W. M. Aseltine: Honourable senators, I table the following document:

Report of the Tariff Board, dated December 3, 1958, Volumes 1 and 2, relative to the investigation ordered by the Minister of Finance respecting cotton and cotton products, being Reference No. 125 (Textiles) (English and French texts); together with a copy of the transcript of the evidence presented at Public Hearings, (English text), pursuant to section 6 of the Tariff Board Act, Chapter 261, R.S. 1952.

Hon. Mr. Dupuis: May I ask the honourable Leader of the Government (Hon. Mr. Aseltine) if a copy of the report of the Tariff Board will be supplied to each honourable senator?

Hon. Mr. Aseltine: It is on the Table.

Hon. Mr. Reid: Is that all, one copy?

Hon. Mr. Macdonald: I understand the document on the table comprises the report of the Tariff Board and the evidence taken before the board. What the honourable senator from Rigaud (Hon. Mr. Dupuis) has asked for is a copy of the report itself.

Hon. Mr. Aseltine: I do not know whether copies will be distributed, but I will inquire into the matter.

Hon. Mr. Connolly (Ottawa West): Honourable senators, I understand they have been distributed through the mail. I received one this morning.

Hon. Mr. Aseltine: I believe honourable senators have received copies. I received one in the mail. However, I will inquire into the matter.

Hon. Mr. Dupuis: I understand that members of the House of Commons have received copies.

PRIVATE BILL

GORE DISTRICT MUTUAL FIRE INSURANCE COMPANY—REPORT OF COMMITTEE

Hon. Paul H. Bouffard, Chairman of the Standing Committee on Miscellaneous Private Bills, presented the report of the committee on Bill S-7.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred the Bill S-7 intituled: "An Act respecting Gore District Mutual Fire Insurance Company", have in obedience to the order of reference of February 5, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. W. D. Euler: With leave, I move the third reading of the bill now.

Motion agreed to and bill read third time and passed.

CONVERSION LOAN

INQUIRY

Hon. A. K. Hugessen: Honourable senators, I wish to direct an inquiry to the Leader of the Government (Hon. Mr. Aseltine), as follows:

Has his attention been drawn to a written answer produced in the other place last week by the Minister of Finance, from which it appears that the total cost of the conversion loan of last summer, including cash adjustments paid to converting bond holders, issuing fees, commissions, advertising, costs of printing and other expenses, was the enormous sum of $113,741,000?

Hon. W. Ross Macdonald: May I ask the honourable senator from Inkerman (Hon. Mr. Hugessen) if the figure he has just given is not the same one that he gave in the house during his speech last week?

Hon. Mr. Hugessen: No, honourable senators. I assumed and I said in my speech that I thought that perhaps the amount of the actual cost of the conversion loan had been of the order of $50 million to $100 million. It was after I made my speech and made that estimate that the actual figure was given in the House of Commons.

DIVORCE

FIRST READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill SD-72, an Act for the relief of Irene Balk Goodson.

Bill SD-73, an Act for the relief of Jean Grant Shacklock.

Bill SD-74, an Act for the relief of James Kennedy Andrews.

Bill SD-75, an Act for the relief of Lillian Haber Rudner.

Bill SD-76, an Act for the relief of Esther Lillian Issenman Rosen.

Bill SD-77, an Act for the relief of Ana Nili Indursky Seeman.

Bill SD-78, an Act for the relief of Joan Howell McShane McNulty.

Bills read first time.

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

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

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, I move, with leave, that when the Senate adjourns today it stand adjourned until Tuesday next, February 17, 1959, at 8 o'clock in the evening.

Motion agreed to.

CANADA-NEW BRUNSWICK INDIAN RESERVES AGREEMENT BILL

THIRD READING

Hon. Mr. Aseltine moved the third reading of Bill S-6, to confirm an agreement between the Government of Canada and the Government of the Province of New Brunswick respecting Indian reserves.

Hon. Mr. Dupuis: Honourable senators, before this bill is read the third time I would like to secure some information from the honourable Leader of the Government (Hon. Mr. Aseltine). I was told, and I gather from reading the bill, that it is the result of an agreement between the Government of Canada and the Government of New Brunswick. If the matter had already been decided upon by both Governments, I am at a loss to understand why this bill went to a committee, where we studied it clause by clause.

Hon. Mr. Aseltine: Honourable senators, I brought up that point when I explained the bill on the motion for second reading. At that time I informed honourable members of the Senate that the bill was in such form that we had either to accept it or reject it. However, as certain honourable senators asked quite a number of questions it was suggested that the bill be referred to a committee so that those questions could be answered.

I may say that at the committee meeting, at which the honourable senator was present, we discussed for an hour or more various provisions of the agreement, and then a motion to report the bill was carried.

Hon. Mr. Roebuck: Honourable senators, perhaps I can take some responsibility for

the fact that the bill was referred to a committee. I wanted to get certain information. I could not attend the meeting, but quite a few honourable senators were there.

Perhaps the Leader of the Government (Hon. Mr. Aseltine) can now answer one of the questions I asked, namely, what is the situation in the province of Ontario, which was evidently affected by court decisions with regard to the titles to certain lands granted by the dominion Government? Are titles in the province of Ontario affected similarly to those in the west, and if so is anything being done to look after them?

Hon. Mr. Aseltine: We were informed that Ontario already had an agreement, and that the clause in the New Brunswick agreement stating that the agreement was made in order to settle all outstanding problems relating to Indian reserves in that province was copied from the Ontario agreement. Evidence was also given that that situation does not exist at all in the western provinces.

Hon. Mr. Macdonald: Honourable senators, that is not the way I understood the evidence. I understood that at present some lands in Ontario which were Indian lands are affected by the two cases mentioned last week by the honourable senator from Fredericton (Hon. Mrs. Fergusson). I also understood that an agreement was being negotiated between the dominion Government and the province of Ontario respecting Indian lands.

Hon. Mr. Isnor: The province of Nova Scotia has not put through its bill yet.

Hon. Mr. Macdonald: I do not believe that either the province of Ontario or the province of Nova Scotia has enacted legislation with respect to these lands.

Hon. Mr. Aseltine: I may be incorrect, but I understood the witness to say that this particular clause was copied out of the Ontario agreement, so I presumed that the agreement with Ontario had been completed some time ago.

Hon. Mr. Macdonald: I understood the witness to say an agreement had been negotiated, but not that it had been enacted. If legislation respecting such an agreement has been enacted it must have been some years ago; at least, I do not recall such a measure being put through this house since I came here, in 1953.

Hon. Mr. Roebuck: Honourable senators, I understand from the remarks already made that some reference was made in the committee, in the presence of the officials of the department, to the inadequacy of this language from the standpoint of the law of the Dominion of Canada. I presume now from what has been said that the explanation for the language was that it had been copied from some other agreement. Am I right in assuming there was some criticism directed to the officials with regard to the language, and that it was impressed upon them that that kind of language is not very suitable for this legislation?

Hon. Mr. Aseltine: That matter was fully discussed. It was explained that the wording was more or less surplusage and that the agreement itself—that is paragraphs 1 to 6—determined what matters the agreement covered.

Motion agreed to and bill read third time and passed.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

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

Hon. Joseph A. Bradette: Honourable senators, in my schooldays I read several times in our primary reader that "Kind words are the music of the world." I saw that axiom put fully into effect here at the beginning of the session because it was found possible, and rightly so, to compliment the mover and the seconder of the motion for an Address and also other senators who deserve this recognition. I am entirely at ease at this time in doing the same thing, and I do it very sincerely. I want to present my compliments and my felicitations to the mover, the honourable senator from Lumsden (Hon. Mr. Pearson). He made a very, very fine speech. As one who has been living in the clay belt of northern Ontario for 52 years, I was interested in his references to pioneer life on the Prairies, an area which, except for fewer woodlands and three disastrous forest fires, may be said to resemble ours. I wish to congratulate him very much indeed.

(Translation):

I should like also to offer my most sincere congratulations to the honourable senator from Ottawa East (Hon. Mr. Choquette), the seconder of the Address in reply to the Speech from the Throne. He has shown real eloquence, as well as a genuine mastery of both our official languages. I also wish to pay tribute to his brilliant talents as a lawyer; I know he will always maintain the high reputation of that profession, and that this national forum will appreciate his talents more and more. My esteem for the

honourable senator from Ottawa East is enhanced by the fact that I had the honour to be his wife's witness at their wedding in the Ottawa cathedral.

Mr. Speaker, I should like also to congratulate you most sincerely. During our short session in the spring of 1957 you represented us abroad and we know you did so with real dignity. We all appreciate your courtesy and your competence in parliamentary matters. You are a credit both to us and to your fellow-citizens of the old city of Quebec. That is why we often hear it said that you may be called to an even higher office. There is no doubt that you have not yet reached the climax of your brilliant career.

(Text):

I would also extend my felicitations to the new senators. I know they are going to enjoy the work which they will accomplish in this house. I can say to them, "You have not been chosen purely by accident; you have been chosen because you have given distinguished services in the sections of the country where you live, and you will find your activities here and the work of the Senate very fruitful indeed."

I would particularly pay my tribute to the honourable senator from Hanover (Hon. Mr. Brunt). He wrote an article only a few days ago in which he mentioned the work that a senator has to accomplish. Although at times a senator may enjoy some pleasure, if he wants to spend his time in doing useful parliamentary work he has plenty of latitude to do so.

I am very glad indeed to see again in his place the honourable senior senator from Winnipeg (Hon. Mr. Haig). I am sure I voice the sentiments of every senator here in saying how pleased we are to see him looking so well, and that we hope for him, many, many more years of good health and useful work.

I wish also to felicitate the Leader of the Government (Hon. Mr. Aseltine). He is doing a good job. He has the experience to do it. I have often admired his wit, his good humour, and his industry. Whatever he has taken in hand he has done well.

One wish to which I should like to give voice at this time, and which I expressed last year, is that the Leader of the Government in the Senate should be a member of the Privy Council. I believe it is both just and absolutely necessary, and I would point out that it would not be creating a precedent, because for many years, with several Governments, it was the established practice that the Leader of the Government in the Senate should also belong to the cabinet. He would bring something to the Privy Council which they do not have at the present time. He could furnish them with first-hand information and our parliamentary institutions would benefit thereby. Our leader's association with the Privy Council would also be beneficial to the Senate, for he would come here with full information on many problems. So I repeat the declaration I made last year, and I believe public opinion is behind it and strongly desires it.

(Translation):

I also wish to congratulate the Leader of the Opposition, the honourable senator from Brantford (Hon. Mr. Ross Macdonald). For many years, I was in a position to appreciate the competence of the honourable senator, when we both sat in the House of Commons. There also, he made his mark as a member and as Speaker, and since he has been here, he has won the esteem of all his colleagues. When he was Leader of the Government in this chamber he fulfilled his task with dignity, and we all appreciated his great talents as well as his courtesy.

I should now like to deal with a very serious matter: the appointment of a new Governor General of Canada.

(Text):

The present occupant of that exalted office has for eight successive years set very high standards in the discharge of his heavy responsibilities. It is difficult to discuss the question of his successor, but I feel it is my duty to do so because the people in my section of northern Ontario and, I believe, in the whole of Canada, are intensely interested in this very important matter. As I say, the present Governor General has set very high standards in the discharge of his heavy responsibilities and it will be universally regretted when he retires. I hope that he will be spared for many, many years so that our country will continue to enjoy the benefits of his experience, his great talents and his high culture.

When His Excellency was appointed, in February 1952, it was the first time in our history that a Canadian had been elevated to that high office. The precedent was wonderfully well received by the large majority of the Canadian people, and also by people in every part of the commonwealth. Great Britain was well pleased with the appointment. Some Canadians seem to feel that British people do not like our taking such action, but I have made several trips to Great Britain and whenever I have talked to people there about it they have said: "You should encourage that type of thing. It doesn't hurt the commonwealth or the empire. We are pleased that you took such action." This is really the outlook Britain has taken for several centuries with regard to many similar actions. Now, after seven

fruitful years in office, His Excellency has shown his desire to retire, and there has been a great deal of discussion by the Canadian public and newspapers as to who the next appointee will be.

I have in mind three great personages of the British Isles, persons of outstanding quality and known the world over, each of whom would undoubtedly make an excellent Governor General of this country. In this regard I would like to quote a brief article which appeared in the Vancouver *Province*, under date of January 24, 1959:

> In the past the governor-generalship has represented only one commonwealth link—that with Britain; today it symbolizes, if anything, the emergence of Canadian nationalism.

I do not like that phrase "emergence of Canadian nationalism". I don't know why they call it an emergence, because there is nothing emergent about it. It is something absolutely natural. Anyway, the article continues:

> But the bonds which are the most important today lie elsewhere. They have been underlined by the welcome given to Prime Minister Diefenbaker—and, through it, the admission of a degree of Canadian leadership in the commonwealth—on a tour which took him to all the continents.
>
> Beyond that, the outstanding usefulness of the commonwealth not only to its own members but to the world at large lies in its nature as a meeting place for people of different creeds, different political concepts and, in particular, different colours of skin.
>
> There is nowhere else that black, white, yellow and brown can sit down together free of the barriers of rancour and self-consciousness. And, in a world in which power and decision are no longer white monopolies, it is of outstanding importance that such sitting-down-together should remain possible.
>
> The appointment of a Governor General of another race would greatly strengthen that process. And it would have a psychological impact reaching into Asia and Africa beyond the boundaries of the commonwealth itself.

Honourable senators, no one could be offended by such an article. We are all members of the commonwealth and we have no racial prejudices so far as we are concerned in this country. Perhaps we have not always acted toward the Indians in this country the way we should towards one another, but there is really no reason to criticize this article. It is well that it has been written. A few days ago I read an article in the Winnipeg *Free Press* to the effect that the next Governor General might be appointed from Nigeria. We would have no objection at all if the appointment came from Nigeria, Pakistan or some place else in the commonwealth, but at the same time I believe the precedent created in 1952 should be maintained.

I listened very attentively to a television commentary last fall during the last stages of the Prime Minister's commonwealth tour. Incidentally, there is no doubt that his tour will go far toward bringing the members of the commonwealth closer together. He spoke in Australia and it is reported that he expressed the wish that the next Governor General of Canada might come from some part of the commonwealth. Now, I do not think anybody should criticize such a suggestion but I still say that, in my opinion, the precedent set in 1952 should be maintained. The precedent was created without any commotion at that time and it showed we were becoming of age. Why should we retrogress at the present time?

Hon. Mr. Euler: Hear, hear.

Hon. Mr. Bradette: If a Canadian is appointed to succeed the present Governor General of Canada there will not be a single word of criticism from any part of the commonwealth.

Honourable senators, I must speak openly and with all my heart on this subject. For nearly 28 years I had the great honour and privilege to represent in the House of Commons one of the finest sections of Canada, that of northern Ontario, which was rich in farm lands, gold mining and the production of pulp and paper. The majority of my constituents were English-speaking and Protestant and I never heard a single word of criticism about my own race and creed.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Bradette: I will never forget those people as long as I live, and I shall always cherish the way they treated me. Whenever I go back to my native province of Quebec I tell them how broadminded the English-speaking people are. I can pay the same tribute to the people of Quebec. During the last war quite a number of trained workers and C.N.R. trainmen exiled themselves from their homes in northern Ontario to go to Arvida and the Lake St. John district to work. Most of them were English-speaking and Protestant and when they got to their destination they found little provision for English-speaking school children. However, the local school boards soon remedied the situation and it was not long before English-speaking classes were provided and the children were studying under practically the same curriculum they had had in their own schools back in northern Ontario. After the war many of these people returned to Cochrane and they took much pride in talking about the wonderful province of Quebec. This is the kind of spirit that links our Canadian people.

Since the time of Confederation the offices of the Speaker of the Senate and of the House of Commons have been held alternately by English-speaking and French-speaking Canadians. I must pay special tribute to the English-speaking people in this

regard. At the time of Confederation Canada's French and English populations were about equal, but now the French-speaking population is in the minority by about two-fifths or perhaps more. However, through the generosity and the broadmindedness of English-speaking Canadians, that principle of alternating the Speakers in Parliament has been maintained. I hope the same principle will be applied with regard to the appointment of Governors General in Canada.

We have read comments in our newspapers that the next Governor General should not be one who has been in politics. Well, there is nothing sinister about politics. Like many of my colleagues I was, as I mentioned a few moments ago, a member of the House of Commons for many years. I have been in the Senate now for six years. My constituents believe me when I tell them that 99½ per cent of all parliamentarians are sincere and have the welfare of the country at heart. If they were not they would not remain long in public life. All good citizens, all good Canadians, must of necessity have politics of some kind, no matter what they are. There should be no bar to the appointment of a Canadian as Governor General on that score. Except that I do not want to offend against the sense of humility of any honourable member of this chamber, I could name three or four senators who are well qualified for the position; there is no doubt that they have the requisite personality and ability.

I am pleading sincerely for the principle that the office of Governor General should be held alternately by English-speaking and French-speaking Canadians, because I think it would be a marvellous thing for the unity of this country. This might require some sacrifices on the part of the English-speaking Canadians, but it is easier for a majority to be magnanimous. Believe me when I say that a friendly gesture made on the part of the English-speaking majority to the French-speaking minority is always greatly appreciated. French-speaking Canadians do not expect all English-speaking Canadians to be able to speak French, but if an English-speaking compatriot says *Bonjour, monsieur,* he is immediately *persona grata.* A friendly gesture of that kind goes very deeply.

Honourable senators, I do not intend to dwell on this point, but I felt it my duty to mention it.

Now I want to say a few words about the present Canadian-American relations. I may be partial on that score for the reason that I belong to a section of northern Ontario, one of the wealthiest in Canada, where every cent of capital investment has been made by our neighbours to the south. I was glad last year when the present Prime Minister visited the fine town of Kapuskasing, where the New York *Times* has spent nearly $40 million. When the *Times* went there, in 1923, it was a very modest rural community, whereas now it has grown to a large industrial community.

In 1912 the Honourable G. Howard Ferguson, then minister of Lands and Forests for Ontario and later Premier of the Province, stood on a pile of stump, on the site of what is now the town of Iroquois Falls, and spoke to a gathering of 500 people. He told them that $9 million of American capital had been invested there and he was glad of that. There is nothing sinister about that. It simply meant that the American investor had faith in our people and our country. There are many parts of the world where Americans will not invest a single dollar, because they have no faith in the people there. We have good relations with Americans, and there is no reason why they should be otherwise. The same is true of the attitude of the United States toward Canada. Without American capital many of our enterprises would have been unable to get started or to expand. Americans have not always made a profit on their investments in Canada, they have sometimes lost money, but their capital has been responsible for opening up our mines and the forest industry, and even helped in the development of our land. Fortunately, a certain feeling that has sometimes existed between the two countries has eased somewhat. Statesmen have tried to bring about better relations between us. Of course, there is no perfection in this world. In the last two elections some statements were made which I could hardly believe. The Ottawa *Journal* and other papers seemed to be scandalized by a type of criticism which they thought was unfair and uncalled for—as, for instance, that Canada had been sold down the Hudson River! Who could believe such utter nonsense?

I wish now to refer to a paragraph from the Speech from the Throne, in which the Governor General stated:

> My ministers are concerned over recent developments in the Berlin situation. They deplore the attempt by the Soviet Union to abrogate unilaterally the inter-allied agreements relating to Berlin, and they believe that the freedom of West Berlin must be assured pending agreement on the establishment of a united and free Germany.

The Government has taken a proper attitude, I think, on the Berlin situation, and we must stand closely together. Unity is vital at the present time, particularly on this problem. Perhaps some listeners may think that I am presumptuous in speaking on this matter. I do not pretend to be an expert in external affairs, but for eight consecutive

years I had the great honour to sit as the first chairman of the Commons Standing Committee on External Affairs. I saw to it that Mr. Gordon Graydon, at that time Conservative member for Peel, Ontario, was vice-chairman. He gave me wonderful co-operation. We kept politics out as much as we could, because we thought that, with the questions involved, we could not afford to be partisan.

The thing that surprises me on the question of West Berlin is the fear that is expressed by some nations about a restored Germany. It is true that my old motherland suffered grievously in 1870, as did all our allies in World Wars I and II, but that is past history. There is no doubt that great leadership has been given by the present Prime Minister of West Germany. For centuries the history of France and England was always troublous and the English channel formed a wall between two armed camps. The countries went to war against one another on land and sea, and overseas possessions were destroyed on both sides, and so on. Then came Edward the Seventh, who was the originator, or at least a very influential promoter of the *Entente Cordiale*, and it was a great thing for the civilized world when the peoples of those two great nations, divided only by a small arm of the sea, could visit each other, shake hands, talk peace and common defence, and so on. There is no doubt that the *Entente Cordiale* was the main cause of victory in the war of 1914-1918, and also in the last great war.

The wonderful work that has been accomplished by the Prime Minister of West Germany is little short of miraculous. There are splendid qualities in the German people; they are willing to work and they have developed great industries. I believe that the Prime Minister is leading his nation to democracy and freedom. Let us, therefore, keep away from the spirit of fear, and take a chance, if there is a chance to take, so that we may be sure that Russia will not eventually pulverize not only East Germany but West Germany as well.

Honourable senators, I want to say a few words, not by way of criticism but out of a sense of duty, because it seems to me that in the United Nations, Canada appears to be losing in leadership. We acquired a great name in the world for what we did in two world wars. We fought for democracy, for freedom, for the cause of religion, and for free elections, because we felt those things were in danger. We did this of our own free will and we made heavy sacrifices, but after the war we did not want our pound of flesh or any territorial aggrandizement. We were merely satisfied to have done our duty. I hope we get again the type of leadership we had then.

There is another problem which baffles me a bit. Last fall a minister of the Government made the statement that China should belong to the United Nations. The Right Honourable Mr. St. Laurent, on his trip of a few years ago through Asia, said that eventually China might become a member of the United Nations. The recent statement of the minister was very definite but the Prime Minister practically denied it. I would like to see more co-ordination on this important question.

Now, honourable senators, I want to say a few words about trade and tariff wars. I use these words deliberately because tariffs poison the amity that should exist in the whole world. I can speak openly on this matter, since I belong to a section of Ontario where nearly all of the things we produce, and which are not affected by tariffs, are immediately after fabrication sent to the American market. Naturally I do not believe in free trade; I am more practical than that, but I say it is a dangerous situation when so much that we buy abroad is subject to a high tariff. It is not a martial war we are engaged in, but a tariff war, and a tariff war may eventually lead to a martial war. That has happened in the past and nobody can tell me what might happen again. Inter-allied trade relations are bedevilled by some very high barriers which hamper the commerce of the world and trouble the people. Some countries limit their imports by strict quotas; others pay subsidies to their own manufacturers; still others, lacking dollars, gladly engage in trade which brings in dollars, but they refuse to trade their merchandise for less desirable currencies. This means that many nations resort to simple barter. In addition, cartels restrain trade, as do state monopolies and embargoes. Red tape snarls everything.

Anyone who seeks to master the intricacies of tariff laws, dumping duties, and so on, will soon find that they require many years of study. Most people do not realize what these laws actually contain, and I would urge that we acquire a better understanding of them. Friction exists between France and Great Britain over the European trade market, but I hope it will eventually be smoothed out. Personally, I believe that the creation of a common market is a good move that will turn out to be successful and if it does it may spread to the whole of Europe on this side of the iron curtain. I also hope that it will work its way into South America and, on this continent, between the United States and Canada.

May I say, honourable senators, that Iceland was nearly thrown into the Russian orbit through a dispute over her fishing trade.

Also may I say that trade relations between the United States and Great Britain have not always been on the level, nor very pleasant, either. I am going to refer to a matter that occurred only a few weeks ago and to which reference was made in this house last week by the honourable senator from Toronto-Spadina (Hon. Mr. Croll). That incident had to do with English Electric Company's bid on hydraulic turbines for installation on an army project in Arkansas. The English Electric Company underbid the American companies by some $3000,000 but in spite of that this firm did not receive the contract. The United States used the argument of so-called "national security interests", as she had a right to do, for she must be master of her own activities, including commercial ones.

But I am going to go a little further in explanation of that. Ever since the war, as all honourable senators must know, Washington has been preaching to its allies the blessings of competition. I am now talking of inter-allied relations. The United States urged these other countries to make their industries more competitive, to get their prices down and to go out in the world and compete in price and quality and regain their economic health by trade, not aid. The British have done their best to respond to this constant prodding and pleading, and at the risk of damaging their own economy they have stabilized the pound and kept wages down. The British, I must say, are very realistic. They do not buy from Canada or any other country where the price is higher than competitive prices.

Remember, manufacturers in other countries were invited to submit bids on these hydro-electric machinery installations. In fact, they were urged to do so by Washington. This British firm went to a great deal of expense to survey the project, which in itself required a great deal of technical ability, and it proceeded to prepare plans and estimates of costs. When the manufacturers were invited to bid there was no hint of "national security interests" of the United States or that the Government would urge the awarding of the contract to a domestic bidder. In any event, the British managed to do what they have been so often urged to do—they presented a competitive bid. It actually turned out that they were the lowest bidder by some $300,000; and, honourable senators, only after the British bid turned out to be the lowest did Washington suddenly discover that "national security interests" forced the awarding of the contract to a higher United States bidder. Naturally, the British resented this and protested. It must be remembered that the British were encouraged to bid on the machinery and they incurred substantial expenses in making their lowest bid. Only after the bids were opened were they informed that they would not have a chance to secure the contract. A large number of the American people did not like such action on the part of their Government in taking this contract away from the English company and awarding it to a firm in Philadelphia. If Washington had wanted to do that before calling for bids it could have limited the bids to American companies. But no, this English company was invited to submit a bid, and I say once more it was only after the British bid was found to be the lowest that Washington ordered the contract to be given to a Philadelphia company. Such methods may be expected to originate in the Kremlin but they are unworthy of a nation like the United States.

Now, I want to say a few words about our economy, in which we are all highly interested. At the present time I am somewhat critical. I do not want to be too critical, but as a Canadian, one who wants our country to expand and progress, there are one or two things that I feel I must refer to. I am going to quote from an article by Mr. Blair Fraser, a prominent and excellent writer, which appeared in *Maclean's* Magazine of December 22, 1956. I will read only the first and last paragraphs. The first paragraph is as follows:

> This Christmas Ottawa is a frustrated Santa Claus. With something more than six hundred million goodies in his pack—the expected budget surplus for the current fiscal year—Santa can't find nearly enough stockings to put them in.

The article goes on for several columns about the Government trying to give away to the Maritime provinces $600 million they did not know what to do with, and there were no takers. The article concludes with this paragraph:

> These are some of the reasons why the Ottawa Santa Claus is so frustrated. The stockings he can find are already bulging. The people who need his help seem to go barefoot, and to live in houses with no chimneys for him to come down.

I do not know exactly what is meant, as it is expressed poorly. Why try to create an impression that in 1956 the federal Government had $600 million for which it had no use? Was the Government to throw the money into the Ottawa River or burn it in a furnace? That is hardly a true account of the facts. Why would the writer make such a statement when he knew that this country had a national debt of more than $12 billion, a debt that is on our shoulders, and will perhaps be on the shoulders of your children for generations to come. Why not speak the truth and say that the carrying charges of such a debt would amount to at least half a billion dollars a year? We don't find this kind of money on the street; it has to come from the pockets of

the Canadian people. I do not think that kind of writing should be tolerated. Writers, politicians and those aspiring to public life have a primary duty to be true to the people and to present the facts as they really exist.

I have in my hand a brief article from the Ottawa *Journal* of January 24 last. This refers to the occasion on which the Canadian Congress of Labour presented a brief to the federal Government. The article is headed "How long, Oh Lord, how long?". On that occasion the Prime Minister was fairly courageous, and I recognize courage when it exists. He told the delegation:

> You cannot have export markets if you price yourself out of them.

That is true and we can't get away from it. Later he said:

> Remember that the communists don't measure their returns on exports by the profits, but by the degree that those exports undermine the economy of other nations so as to bring them under subjection.

That statement also is true. But labour must ask for better conditions for workers. I know labour, I have belonged to a labour union myself, and I recognize that most of the leadership in labour is good; but I could give you the names of some leaders who are communists. What can be done about it I don't know, but we should always be on the lookout for those who adhere to communism. The Prime Minister during the last two elections practically promised that there would be no labour problems, no increase in the cost of living and no inflation. Those promises were practically thrown aside, or very little was done about them, and the labour organizations had the right to present their briefs and ask the Prime Minister to rectify certain conditions. These are matters that must be remembered at the present time, as well as during elections.

Honourable senators, I shall complete my remarks in about five or ten minutes, and I hope I shall not weary you.

I find in the Speech from the Throne these words:

> My government will recommend an amendment to the Federal-Provincial Tax Sharing Arrangements Act to extend for another year the increase made last year in the provincial share of personal income tax revenue.

This also was a good statement, but the people have been disappointed with what has happened. I am not going into details, but both the provinces and the municipalities have been disappointed. I do not say this in any partisan sense. I am speaking as a Canadian, and in a way in which my people expect me to speak, even in this forum.

With respect to federal-provincial fiscal relations, I wish to refer to an article that appeared in the Toronto Board of Trade publication of February 4, 1957. The present Prime Minister, in a speech at the annual dinner of the Toronto Board of Trade on that date, said this:

> I believe too that government must insure that the public interest shall be preserved, and that all —the strong and the weak—shall have equal opportunities, which is another way of saying that no sector of our country should have special privileges.

He went on to say:

> Take the provinces, and the municipalities—

I call attention to the fact that this applied to the municipalities as well as to the provinces.

> —they have responsibilities in development, and must be assured of revenue and a more equitable share of tax yields being provided for them, in order to take their part in our development.

I refer next to an article which appeared in the *Globe and Mail* of April 25, 1957, reporting a meeting held during the election campaign, at which Mr. Frost appeared on the platform with the present Prime Minister. The article reads:

> Mr. Frost, whose appearance on the platform with Mr. Diefenbaker gave the rally a significant air of party solidarity, hit hard at the tax-sharing deal which the Liberal Government offered the provinces.

That is the late Liberal Government.

> These agreements, which had led to a double corporate tax in Ontario, he declared, were completely "unrealistic and unsatisfactory".

The Premier of the province of Ontario completed his remarks on that occasion with these words, and they are worthy of your attention:

> We cannot face complacently the fact that we have rising tax bills, rising debt both provincially and municipally, while we have the federal Government paying everything in cash—

That is the Liberal Government.

> —hiding away money and even paying the Canada Council $100 million in advance—

Why the Premier of the banner province of Canada would make such a statement deploring the spending of money for the arts in general which Canadians cherish and try hard to develop, I don't know.

> —paying off debt and still ending up the year with a surplus of $500 million, to a very large extent derived from tax sources which belong to the provinces.

Even there the Premier did not mention the national debt, then more than $11 billion, which is our responsibility, guaranteed by us all, and which will eventually have to be paid off.

This is the answer the present Prime Minister gave before that big rally of about

20,000 people, held in Toronto on April 27, 1957, as reported by the *Globe and Mail:*

We believe there can be no national unity in this nation until there is a realization that the federal-provincial matters have handcuffed the provinces of this nation; have denied the municipalities adequate sources of revenue—

And take note that the word "municipalities" appears several times.

—have placed the provinces and the municipalities in a position where they cannot discharge their constitutional responsibilities or permit the necessary development in their own territorial confines of the natural resources that there are. We believe the provinces and municipalities must have the financial resources to carry out those responsibilities. We believe in the federal system of Government. We believe that its preservation is essential to Canadian unity. We believe the federal system is today being challenged by the centralization complex of the St. Laurent Government and that a healthy division and balance of revenues as between the federal and provincial Governments must be assured.

I have quoted the whole of that text so that nothing will be taken from it. The present Prime Minister concluded his remarks with these words:

We intend to form a government to immediately convene a dominion-provincial conference—

One was held, but it was not very fruitful.

—to bring about a settlement of these problems, not in the spirit of arrogant domination—

Why would the word "arrogant" have a place there? If there ever was a humble man, it was the Right Honourable Mr. St. Laurent, the Prime Minister of that day.

—as displayed by the present Government, but in the spirit of unity and amity and with mutual tolerance and respect.

Now, honourable senators, I will not elaborate on dominion-provincial conferences. Municipalities all over Canada sent delegates to Ottawa last fall to visit the Prime Minister. They were well received, but after their briefs had been presented the Prime Minister told them, and rightly so, that the federal Government had nothing to do with the administration of municipalities. The Prime Minister and the Leader of the Opposition both knew well that under the Canadian Constitution the jurisdiction over municipalities belongs to the provinces. But the Prime Minister knew right along that the federal Government could not deal directly with the municipalities, and so those people left Ottawa sadly disappointed because after what had been said by the now Prime Minister they had the right to expect better treatment. They thought the federal Government could give them the help promised in 1957 and 1958, and they had the right to expect the fulfilment of that promise.

I will terminate my remarks by saying this. We have a wonderful country, where the climate, though hard, is healthy. Our country contains a great amount of natural resources—not unlimited, though, as is sometimes said. I know the north country; for 14 years I was the agent there for a large corporation. Much of it will be a land of open spaces for all time to come, but it is a marvellous country with some promise. It is not easy to develop, but I am in agreement with the determination of the Hon. Mr. Hamilton, Minister of Northern Affairs and National Resources to go ahead with this great work. It will bring huge dividends and a lasting prosperity, but at the price of hard work. I do not believe in the "pie in the sky" philosophy. I have no faith in the principle of getting something for nothing. I hope and pray that all parties, whether at national, provincial or municipal levels, will find it possible to avoid appeals to mere self-interest. We cannot afford election appeals which would try to make people believe that there is no bottom to the national treasury and that you can get from it anything you want. That is the way to defeat democracy and to bring its roof down over our heads. It is not the kind of appeal which should come from either my party or any other party, and I hope that at the next election the truth will be told to the electors.

With my own eyes I saw, in the great city of Moscow, from 22 to 24 trainloads of young Russians, mostly young boys, with a few girls, ready to self-exile themselves in the national interests and being sent by the Government to work on the submarginal land close to Siberia. It would have been good for all to see the spirit which animated these girls and boys. They were going away to work hard in a remote section of the country. But they were singing the praise of Mother Russia, showing their devotion to their beloved country. We, too, must have some of that spirit, and the leadership in that direction must be given by the political parties and by the Government, because nobody in this world, as far as I know, ever got something for nothing. If we take the right course in this matter we will not need to worry about the future, because Canada is one of the finest and greatest countries in the world.

On motion of Hon. Mr. Reid, debate adjourned.

PRIVATE BILLS

NORTH AMERICAN ACCIDENT INSURANCE COMPANY—SECOND READING

Hon. A. K. Hugessen moved the second reading of Bill S-9, respecting The North American Accident Insurance Company.

He said: Honourable senators, this is a very simple bill. It seeks to change the corporate name of the company, now known as "The North American Accident Insurance Company," to "The North American General Insurance Company," the reason being that the types of insurance in which this company now engages are more extensive than would be normally expected from the use of the word "accident".

I am informed that the Superintendent of Insurance has no objection to this bill. I am further informed that all the other companies which have somewhat similar names —that is, with the word "General" in them— have expressed their feeling that they have no objection to the proposed change of name.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Hugessen, bill referred to Standing Committee on Miscellaneous Private Bills.

BALOISE FIRE INSURANCE COMPANY OF CANADA—SECOND READING

Hon. Sydney J. Smith moved the second reading of Bill S-10, respecting Baloise Fire Insurance Company of Canada.

He said: Honourable senators, there is not much I can add to the explanatory notes included in the copy of the bill which you have before you. You will note, as an unusual feature, that one of the terms of the sale and purchase agreement is that the purchaser shall change the company's name. It is rather interesting to note that this is the case of a conversion of a foreign investment into a Canadian investment. This company was purchased by Canadian interests from a Swiss company.

I intend, if the bill is given second reading at this time, to move that it be referred to the Committee on Miscellaneous Private Bills.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Smith (Kamloops), bill referred to Standing Committee on Miscellaneous Private Bills.

DIVORCE

BILLS—SECOND READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill SD-23, an Act for the relief of Jeanne d'Arc Gravelle Senecal.

Bill SD-24, an Act for the relief of Barbara Mary Scott Norman.

Bill SD-25, an Act for the relief of Alice Schleicher Dorotich.

Bill SD-26, an Act for the relief of Mary Jane Holmes Phillips.

Bill SD-27, an Act for the relief of Barbara Lorrain Campbell Clarke.

Bill SD-28, an Act for the relief of Helen Margaret Davidson Beckett.

Bill SD-29, an Act for the relief of Ruth Dankner Liberman.

Bill SD-30, an Act for the relief of Norma Mary Rose Purchard Clarkin.

Bill SD-31, an Act for the relief of Eva Greenblatt Besner.

Bill SD-32, an Act for the relief of Ruth Millstein Backman.

Bill SD-33, an Act for the relief of Percy Kark Claxton.

Bill SD-34, an Act for the relief of Marion Beulah Francis Meehan.

Bill SD-35, an Act for the relief of Nina Olga Titow Dorion.

Bill SD-36, an Act for the relief of Sylvia Florence Van Straten Weber.

Bill SD-37, an Act for the relief of Joseph Fernand Roger Boucher.

Bill SD-38, an Act for the relief of Jacqueline Shirley Mary Parnell Gardner.

Bill SD-39, an Act for the relief of Esther Daisy Moynan O'Regan.

Bill SD-40, an Act for the relief of Susan Pick Bereznik.

Bill SD-41, an Act for the relief of Josephine Zauberman Schiller.

Bill SD-42, an Act for the relief of Hanna Liselotte Gertrud Tiegs Kallus.

Bill SD-43, an Act for the relief of Dorothy Louisa Stradwick Coffin.

Bill SD-44, an Act for the relief of Marc Aurele Bourget.

Bill SD-45, an Act for the relief of Marie Yolanda Marotta Henshaw.

Bill SD-46, an Act for the relief of Bernice Sylvia Sinclair Somerville.

Bill SD-47, an Act for the relief of Judith Ortenberg Baxt King.

Bill SD-48, an Act for the relief of Yaroslavna Zonia Lazarowich Johnson.

Bill SD-49, an Act for the relief of Gertrude Scharge Izenberg.

Bill SD-50, an Act for the relief of Joseph Moreau.

Bill SD-51, an Act for the relief of Sydney Hislop, otherwise known as Sidney Hislop.

Bill SD-52, an Act for the relief of Lenoir Grace Spencer Jennings.

Bill SD-53, an Act for the relief of Olive Florence Andrews Bowness.

Bill SD-54, an Act for the relief of Pearl Severs Schrieder.

Bill SD-55, an Act for the relief of Vivian Joyce Taylor Ross.

Bill SD-56, an Act for the relief of Jacqueline Jeanne Lamy Harper.

Bill SD-57, an Act for the relief of Kathleen Iris Daunt Robinson.

Bill SD-58, an Act for the relief of Jacques Flahault.

Bill SD-59, an Act for the relief of Gladys Allen Marvin.

Bill SD-60, an Act for the relief of Miriam Keppel Segal.

Bill SD-61, an Act for the relief of Ronald Ernest Fyfe.

Bill SD-62, an Act for the relief of Elsie Elizabeth Wand Bourret.

Bill SD-63, an Act for the relief of Margaret Sonia Lawrence Canny.

Bill SD-64, an Act for the relief of Andree Pauline Dorothy Pryce Clarke.

Bill SD-65, an Act for the relief of Henry Frank Whiston.

Bill SD-66, an Act for the relief of Rita Thibeaudeau Cardinal.

Bill SD-67, an Act for the relief of Janine Sutto Dagenais.

Bill SD-68, an Act for the relief of Evangeline Vaughan Fortin.

Bill SD-69, an Act for the relief of Gloria Helen Gross Caplan.

Bill SD-70, an Act for the relief of Thelma Georgine Ferguson Strathy.

Bill SD-71, an Act for the relief of Percy Herbert Manuel.

Motions agreed to and bills read second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

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

PRESENTATION FROM GOVERNMENT OF URUGUAY

COMPLETE WORKS OF CARLOS VAZ FERREIRA

The Hon. the Speaker: Honourable senators, I wish to inform you that at 1.05 tomorrow afternoon in the Hall of Honour the Honourable Mr. Ernesto Benavides, Chargé d'Affaires of Uruguay, will present to the Canadian Parliament, as a gift from the Government of Uruguay, a set of 19 volumes containing the complete works of the eminent Uruguayan philosopher, Carlos Vaz Ferreira. The Honourable Roland Michener, Speaker of the House of Commons, and myself will accept this presentation on behalf of Parliament. Mr. Benavides will be thanked, in the English language, by the Honourable Mr. Michener; and in the French language, and perhaps in the Spanish language, by myself.

Mr. Carlos Vaz Ferreira is one of the most famous of Uruguayan philosophers and scholars, and I would invite every honourable senator who will be in Ottawa tomorrow to attend this presentation.

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

THE SENATE

Tuesday, February 17, 1959

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

Prayers.

DOCUMENTS TABLED

Hon. Mr. Aseltine: Honourable senators, I table the following documents:

Return covering information set out in Schedule Q to the Bank Act, pursuant to section 106 of the said act, Chapter 48 of the Statutes of 1953-54. (English text).

Report of the Civil Service Commission respecting positions excluded, in whole or in part, from the operation of the Civil Service Act during the calendar year 1958, pursuant to section 60 of the said act, Chapter 48, R.S. 1952. (English and French texts).

Report on the administration of allowances for disabled persons in Canada, for the fiscal year ended March 31, 1958, pursuant to section 12 of the Disabled Persons Act, Chapter 55 of the Statutes of 1953, and amending Statutes. (English text).

Report on the administration of allowances for blind persons in Canada, for the fiscal year ended March 31, 1958, pursuant to section 12 of the Blind Persons Act, Chapter 17, R.S. 1952, and amending Statutes. (English text).

The Canada Gazette, Part II, Statutory Orders and Regulations, 1959, of Wednesday, February 11, 1959, pursuant to section 7 of the Regulations Act, Chapter 235, R.S. 1952. (English and French texts).

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 83 to 102, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

PRIVATE BILL

EVANGELICAL MENNONITE CONFERENCE—FIRST READING

Hon. Arthur L. Beaubien presented Bill S-11, to incorporate The Evangelical Mennonite Conference.

Bill read the first time.

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

Hon. Mr. Beaubien: Next Thursday.

TRANSPORTATION SUBSIDIES

INQUIRY AND ANSWER

Hon. Gordon B. Isnor inquired of the Government, pursuant to notice:

In view of the subsidies paid to certain Canadian railways, whether any subsidies have been paid to:
(a) Any Canadian trucking firms,
(b) Any Canadian shipping companies,
(c) Any passenger coach or bus service.
If the answer is in the affirmative, in any case, give amounts paid in the fiscal years 1956-57 and 1957-58.

Hon. Mr. Aseltine: Honourable senators, I have the following answers to the honourable gentleman's questions:

(a) None.
(b) Yes. *See statement below.*
(c) None.

Answer to (b):

EASTERN LOCAL SERVICES	Year 1956-7 $	Year 1957-8 $
Baddeck and Iona, N.S.	15,000	17,500
Campobello, N.B., and Lubec, Maine	8,600	8,600
Cross Point, Que., and Campbellton, N.B.	40,000	32,000
Dalhousie, N.B., and Miguasha, Que.	19,000	27,500
Grand Manan and The Mainland, N.B.	95,000	95,000
Halifax, Canso and Guysborough, N.S.	26,000	26,000
Halifax, Tor Bay, Isle Madame and ports on the West Coast of Cape Breton	23,000	23,000
Ile-aux-Coudres and Les Eboulements, Que.	15,000	15,000
Ile-aux-Grues and Montmagny, Que. (Summer service)	3,300	3,300
Ile-aux-Grues and Montmagny, Que. (Winter service)	1,700	1,700
Mulgrave and Canso, N.S.	54,900	54,900
Mulgrave, Queensport and Isle Madame, N.S.	30,000	32,500
Murray Bay and North Shore St. Lawrence, Que. (Winter)	50,000	50,000
Owen Sound and Ports on Manitoulin Island and Georgian Bay, Ont.	(1) 95,254.76	(2) 98,322.36
Pelee Island and The Mainland, Ontario	42,500	42,500
Pictou, Mulgrave and Cheticamp, N.S.	13,500	17,000

NOTE 1: Subsidy paid $100,000.00
Recaptured 4,745.24

NOTE 2: Subsidy paid $100,000.00
Recaptured 1,677.64

	Year 1956-7 $	Year 1957-8 $
EASTERN LOCAL SERVICES		
Pictou, N.S., Charlottetown, P.E.I., and Magdalen Islands, Que.	120,000	174,000
Prescott, Ont., and Ogdensburg, N.Y. (3) (4)	—	—
Prince Edward Island and Newfoundland	80,000	80,000
Prince Edward Island and Nova Scotia	163,000	175,000
Quebec, Natashquan and Harrington, Que.	470,000	607,000
Quebec or Montreal, Gaspe and Magdalen Islands, Que.	156,500	189,000
Rimouski, Matane and points on North Shore of the St. Lawrence, Que.	125,500	125,500
Riviere-du-Loup and St-Simeon and/or Tadoussac	21,000	21,000
Saint John, N.B., Tiverton, Freeport, Westport and Yarmouth, N.S.	33,000	33,000
Sorel and Ile St-Ignace	—	43,000
Sydney, N.S., and Bay St. Lawrence, N.S.	45,000	45,000
	2,501,038	2,740,597
Newfoundland Coastal Steamship Services	1,746,754.76	2,037,322.36
WESTERN LOCAL SERVICES		
Vancouver and Northern Ports of B.C. and Queen Charlotte Islands	562,000	249,166.66
Vancouver and Northern British Columbia ports	—	82,400.00
	562,000	331,566.66
Total steamship subsidies paid (Net)	4,809,792.76	5,109,486.02

NOTE 3: Subsidy paid ..... $ 15,000.00
Recaptured 15,000.00

NOTE 4: Subsidy paid ..... $ 15,000.00
Recaptured 15,000.00

LAND USE

SPECIAL COMMITTEE APPOINTED TO CONDUCT INQUIRY

Hon. W. M. Aseltine: Honourable senators, I move, seconded by the honourable Leader of the Opposition (Hon. Mr. Macdonald) the following motion:

That a Special Committee of the Senate be appointed to consider and report on land use in Canada and what should be done to ensure that our land resources are most effectively utilized for the benefit of the Canadian economy and the Canadian people and, in particular, to increase both agricultural production and the incomes of those engaged in it;

That the committee be composed of the Honourable Senators Barbour, Basha, Bois, Buchanan, Boucher, Bradette, Cameron, Crerar, Emerson, Gladstone, Golding, Higgins, Horner, Inman, Leger, Leonard, MacDonald, McDonald, McGrand, Methot, Molson, Pearson, Power, Smith (Kamloops), Stambaugh, Taylor (Norfolk), Taylor (Westmorland), Turgeon, Vaillancourt, Wall and White.

That the committee have power to engage the services of such counsel and technical and clerical personnel as may be necessary for the purpose of the inquiry;

That the committee have power to send for persons, papers and records, to sit during sittings and adjournments of the Senate, and to report from time to time;

That the evidence taken on the subject during the three preceding sessions be referred to the committee.

Hon. Arthur M. Pearson: Honourable senators, during the last three sessions of Parliament a number of briefs were presented to the Committee on Land Use and an interim report was brought in at the end of each session. Seven briefs were received by the committee from departmental officials in the federal Department of Agriculture, three from the Ontario Department of Agriculture, and one each from the Departments of Agriculture of Nova Scotia and New Brunswick. Four special agencies presented briefs to the committee, one being from McGill University. We received eight briefs from farm organizations such as the Farm Federation, the Farmers' Union, and so forth. Nine briefs on forestry were presented and two on the subject of land survey, one having been given by a private corporation who told us what they were doing in the northern part of Canada for the federal Government in regard to survey work. In all, 35 briefs were presented to the committee.

I have discussed the matter of where we were getting with our land use inquiry and what we were going to report in the way of something substantial that we could get our teeth into. As a result of the conversations that I have had it has been decided, and I have agreed, that what we will do this session is to take one phase of land use—we will study the small farm as a unit right across Canada, and work out the problems facing it.

Honourable senators will note that the object of the committee, as set out in the motion, is to,

—ensure that our land resources are most effectively utilized for the benefit of the Canadian

economy and the Canadian people and, in particular, to increase both agricultural production and the incomes of those engaged in it.

I am sure every honourable senator, regardless of the province or part of Canada from which he comes, knows that today the small farmer, whether he is engaged in growing vegetables, fruit, or grain, or raising stock, faces the problem that the small farm is not an economic unit. This problem confronts governments at all levels. The committee will of course discuss the subject thoroughly before it delves into what can be done about it. But I feel sure that we can come up with an answer to at least some of the problems which affect the various branches of farming today.

It is also suggested that, rather than delay the work of the committee in order to allow each provincial Department of Agriculture to make a personal presentation of its brief, it be asked to forward a brief to the committee with its recommendations and suggestions as to how we should meet the problems facing the small farmer. We have with us now a permanent secretary, who has been supplied by the Department of Agriculture. These briefs will be read to the committee and their value will be discussed from the point of view of each member of the committee. By this method I believe we can get more quickly to the root of the problems. We can probably take two or three provinces at a time and discuss their briefs without waiting for each province to come forward and make an individual presentation to us.

That is all I have to say on this subject tonight, honourable senators.

Hon. W. Ross Macdonald: Honourable senators, I am seconding this motion, but from the remarks of the honourable senator from Lumsden (Hon. Mr. Pearson) it appears the committee has already been established and what will be done has been decided. There must be some misunderstanding.

Hon. Mr. Aseltine: I don't think the honourable senator intended that. He was putting forward his own suggestions.

Hon. Mr. Macdonald: Honourable senators, the honourable senator from Lumsden stated that it had been decided to inquire into the subject of small farm holdings. I do not know how that decision could have been made in connection with this committee, for the committee has not been set up. The motion is to set up a Special Committee on Land Use, to consist of the honourable senators whose names appear in the notice of motion. I am in favour of the setting up of the committee or I would not have consented to second the motion, but I am not willing to approve or disapprove of anything that some committee has decided this year. So, I second this motion on the understanding that the motion is to set up a committee to consider land use, with the powers assigned to the committee in the notice of motion, including the right to consider evidence which has already been given. That is as far as I am prepared to go.

Hon. Mr. Pearson: I am afraid that I did not make myself quite clear in this matter. As far as the Land Use Committee is concerned, I would say that we are dealing with one phase of land use, of small units, rather than taking up water conservation and forestry and trying to delve into each of these subjects. I entirely agree with the honourable Leader of the Opposition (Hon. Mr. Macdonald) that our intention is to proceed in accordance with the motion which is now before the Senate; but, rather than take up forestry and two or three other items at the same time, we shall deal at present with one phase of the subject. The briefs which have already been presented will be taken into consideration together with anything we may receive and decide to work upon later.

Hon. Mr. Aseltine: I agree, honourable senators, that it will be up to the committee to decide its course of action, whether to look into the question of small farms or water conservation or what not. These decisions will be made by the committee when it has been set up and organized, a chairman selected, and all preliminaries attended to.

Hon. Donald Cameron: Honourable senators, I am very pleased that the Government has decided to reconstitute the committee. This will be the fourth session in which a committee on land use will have been sitting and I for one do not believe that we have accomplished too much. True, as the honourable senator from Lumsden (Hon. Mr. Pearson) has said, some 35 briefs have been presented, but we have barely touched what is a very great national problem; and, to be frank, I do not think that we can give it adequate treatment merely by sitting down and listening to briefs, although of course that is part of our work. But it would be my conception that this committee might be divided into a number of subcommittees which could hold sessions in some of the agricultural areas where land use is a very important economic problem today. Some honourable senators may have read recently the 810 page Royal Commission report on the tree fruits industry of British Columbia. While that report is a very thorough and detailed document and applies mainly to the

tree fruits industry, many of the things it has to say about small units in the fruit industry apply right across Canada as far as small farms generally are concerned. I would seriously suggest to the chairman of the committee that when the committee meets for the first time it consider settingup subcommittees to hold sessions in specialized areas and on specialized problems.

The honourable senator from Lumsden has said that the economics of the small farm today are of vital concern, for that is an area in which the greatest changes are taking place. There is a feature which I think is of equal importance and that is the rapid taking over of good agricultural land for industrial use in such places as the Niagara Peninsula and around some of our large urban centres. That too presents a problem, and I think it would be very rewarding and satisfactory and a very useful procedure to have subcommittees go out and make inquiries on the spot, as well as have the main committee accept all the authoritative material that is available to it in written form.

Motion agreed to.

DIVORCE

BILLS—THIRD READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill SD-23, an Act for the relief of Jeanne d'Arc Gravelle Senecal.

Bill SD-24, an Act for the relief of Barbara Mary Scott Norman.

Bill SD-25, an Act for the relief of Alice Schleicher Dorotich.

Bill SD-26, an Act for the relief of Mary Jane Holmes Phillips.

Bill SD-27, an Act for the relief of Barbara Lorrain Campbell Clarke.

Bill SD-28, an Act for the relief of Helen Margaret Davidson Beckett.

Bill SD-29, an Act for the relief of Ruth Dankner Liberman.

Bill SD-30, an Act for the relief of Norma Mary Rose Purchard Clarkin.

Bill SD-31, an Act for the relief of Eva Greenblatt Besner.

Bill SD-32, an Act for the relief of Ruth Millstein Backman.

Bill SD-33, an Act for the relief of Percy Kark Claxton.

Bill SD-34, an Act for the relief of Marion Beulah Francis Meehan.

Bill SD-35, an Act for the relief of Nina Olga Titow Dorion.

Bill SD-36, an Act for the relief of Sylvia Florence Van Straten Weber.

Bill SD-37, an Act for the relief of Joseph Fernand Roger Boucher.

Bill SD-38, an Act for the relief of Jacqueline Shirley Mary Parnell Gardner.

Bill SD-39, an Act for the relief of Esther Daisy Moynan O'Regan.

Bill SD-40, an Act for the relief of Susan Pick Bereznik.

Bill SD-41, an Act for the relief of Josephine Zauberman Schiller.

Bill SD-42, an Act for the relief of Hanna Liselotte Gertrud Tiegs Kallus.

Bill SD-43, an Act for the relief of Dorothy Louisa Stradwick Coffin.

Bill SD-44, an Act for the relief of Marc Aurele Bourget.

Bill SD-45, an Act for the relief of Marie Yolanda Marotta Henshaw.

Hon. Mr. Macdonald: Honourable senators, before the motion for third reading is put may I ask the honourable Chairman of the Standing Committee on Divorce whether he can inform us at this time how many petitions have been filed, how many have been presented to the Senate, how many have been heard and how many recommended or rejected? Can he also inform the house as to the last date for filing petitions and, in general, give us any information he can regarding the work which this committee has done up to date?

Hon. Mr. Roebuck: Honourable senators, I think I can answer sufficiently at the moment the inquiry which my honourable Leader (Hon. Mr. Macdonald) has so kindly made. The members of the Divorce Committee always like to know of the interest of fellow-members in the work that we are carrying on, and I for one am glad to make a report whenever one is requested.

At the present time 297 petitions have actually been presented and received by the Senate. In the committee we have heard and recommended 110 petitions. We have partly heard two more petitions and they will be taken care of in due season. So far we have not rejected any petitions we have heard. Four petitions have been withdrawn and the fees refunded, less $25 for printing costs. The number of petitions for which hearings have been fixed up to March 20, 1959, is 72. The petitions I have referred to total 188, which number subtracted from 297 leaves 109 petitions pending, if the docket as it stands now is carried out to March 20. However, there are 24 petitions which have been filed but not

yet presented, so that the total number filed is 321, and the total of petitions pending is 109 plus 24, that is 133.

I would point out that that is about the usual number of petitions for a session. They were slow in coming in at first, and in one of my earlier reports this session I pointed out that we were down about 25 per cent. That, however, was merely because of delay.

My honourable friend asked me about the time limit for filing petitions. The limit expires in both houses on Wednesday, next, February 25. I am glad to be able to call attention to this fact so that those who have petitions which have not yet been filed had better take notice of the date. I may recall to honourable senators that we have persistently refused to extend the filing date, although there are always applications from those who have delayed for some reason or another. Some of them may have a very good case, but after February 25 no further petitions may be filed for this session; any received after that date will be held over for the next session.

Of the 110 petitions recommended, five were permitted to proceed without naming and/or serving the co-respondent. I thought I should give this information because it is interesting in view of our history of reforming the rules of the Divorce Committee. Prior to our making it necessary to name the co-respondents we were told that these people simply could not be named, that their names could not be ascertained, and so on, and it became a practice to claim that they were not known because it was easier to put divorces through without naming the co-respondents. It was obvious that this was pure sham. At the present time it is one of our practices to require the petitioner who does not name and/or serve the co-respondent to get permission in my office to proceed in that way. Before permission is given a good case must be shown by affidavit that the co-respondent actually is not known and cannot be found.

In four cases the parliamentary fees have been remitted in part. That is interesting to me, for it shows that we have some heart in these matters. I recall one case this session where a young woman, who had very good reason I thought to get rid of her husband, was making the princely salary of $45 a week, and she was supporting the only child of the union. I asked her who was paying for the divorce and she said that she was paying for it herself, that she had been saving up for the past five years to do so and had gathered up $400, of which $210 had been paid to the Parliament of Canada. She still had $500 to pay, but said she would be able to save that amount in the course of time. She was very grateful to those who were allowing her to proceed without cash down on the line. We did what we could, of course, and recommended remission of a portion of those fees. I think perhaps the whole amount might have been remitted, but at least it was on our own initiative that the situation was eased for her, and we allowed her to proceed with the payment of just half the full amount, that is, $110, and gave her back $100 which she had already paid.

The other three cases were somewhat comparable—poor people, usually poor women, who are earning their living by their work, and saving up for this rather expensive procedure of having a divorce by Act of Parliament.

Incidentally, there were 25 petitions opposed by respondents, and one that was opposed by both respondent and co-respondent.

It may interest honourable senators to compare the figures up to the present with those of past sessions. The numbers of petitions filed one month after the opening of the 1957, 1958 and 1959 sessions were as follows:

1957 session	322
1958 session	385
1959 session	321

The number in the 1958 session was abnormally high; otherwise the number of petitions filed from year to year does not vary very much.

I have already mentioned that this session there has been some delay in the filing of petitions. I think this is due to economic conditions. People are evidently finding a good deal of trouble in getting surplus money for a luxury of this kind at this time, and for that reason we have had greater difficulty in getting cases to trial than in the past. However, we are right up to the docket. We have not had cases prepared ready for trial for the last two sittings but we have a long docket for next Friday. Up to the moment we have been scraping the bottom of the barrel of the cases ready for trial and we have made fair progress. All cases that have been ready for trial have been heard, and that position will be maintained until we have cleaned up the entire docket.

I thank my honourable leader for asking the question.

Motion agreed to and bills read third time and passed, on division.

BILLS—THIRD READINGS

Hon. Mr. Roebuck moved the third reading of the following bills:

Bill SD-46, an Act for the relief of Bernice Sylvia Sinclair Somerville.

Bill SD-47, an Act for the relief of Judith Ortenberg Baxt King.

Bill SD-48, an Act for the relief of Yaroslavna Zonia Lazarowich Johnson.

Bill SD-49, an Act for the relief of Gertrude Scharge Izenberg.

Bill SD-50, an Act for the relief of Joseph Moreau.

Bill SD-51, an Act for the relief of Sydney Hislop, otherwise known as Sidney Hislop.

Bill SD-52, an Act for the relief of Lenoir Grace Spencer Jennings.

Bill SD-53, an Act for the relief of Olive Florence Andrews Bowness.

Bill SD-54, an Act for the relief of Pearl Severs Schrieder.

Bill SD-55, an Act for the relief of Vivian Joyce Taylor Ross.

Bill SD-56, an Act for the relief of Jacqueline Jeanne Lamy Harper.

Bill SD-57, an Act for the relief of Kathleen Iris Daunt Robinson.

Bill SD-58, an Act for the relief of Jacques Flahault.

Bill SD-59, an Act for the relief of Gladys Allen Marvin.

Bill SD-60, an Act for the relief of Miriam Keppel Segal.

Bill SD-61, an Act for the relief of Ronald Ernest Fyfe.

Bill SD-62, an Act for the relief of Elsie Elizabeth Wand Bourret.

Bill SD-63, an Act for the relief of Margaret Sonia Lawrence Canny.

Bill SD-64, an Act for the relief of Andree Pauline Dorothy Pryce Clarke.

Bill SD-65, an Act for the relief of Henry Frank Whiston.

Bill SD-66, an Act for the relief of Rita Thibeaudeau Cardinal.

Bill SD-67, an Act for the relief of Janine Sutto Dagenais.

Bill SD-68, an Act for the relief of Evangeline Vaughan Fortin.

Bill SD-69, an Act for the relief of Gloria Helen Gross Caplan.

Bill SD-70, an Act of the relief of Thelma Georgine Ferguson Strathy.

Bill SD-71, an Act for the relief of Percy Herbert Manuel.

Motion agreed to and bills read third time and passed, on division.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, February 12, consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Pearson, seconded by Hon. Mr. Choquette for an Address in reply thereto.

Hon. Thomas Reid: Honourable senators, when I arrived in Ottawa on January 26 for the present session of Parliament I had given some thought to making a speech dealing with some international matters and some national matters which I considered to be serious and believed I should discuss on the motion for an Address in reply to the Speech from the Throne. However, after the speech made by the honourable Leader of the Government in the Senate (Hon. Mr. Aseltine), when he suggested that I tell to the Senate the story of the great salmon run of the Fraser River, I felt it was my duty to tell the story of the sockeye salmon in order to explain my long absence from the Senate last session.

Before commencing the story may I take a moment to draw your attention to the fact that a former Minister of Fisheries, the Honourable Robert Mayhew, did me the honour to come along this evening to hear my speech on the sockeye salmon of the Fraser River and is sitting in the gallery. I realize that quite a number of senators have heard me speak on the subject before, but before relating the wonderful story of 1958 I thought perhaps I had better lay a foundation of information on the subject for the new senators. For those senators who are hearing this for the first time may I say that the Fraser River is the greatest salmon river in the world.

There are five species that frequent those waters, and each of those five species have different life cycles. The species are sockeye, pinks, cohoe, chum and springs. One species has a two-year life cycle, another a three-year life cycle, the sockeye and the chum have a four-year life cycle and the spring has a five- or six-year life cycle. Now, what is meant by the life cycle is the period from the time when the salmon are born until they return to the spawning grounds. In the case of pinks it will be two years; in the case of sockeye, four years. All the salmon have one characteristic, namely, that when they lay their eggs in the gravel bars they die. The sockeye salmon has a rather peculiar characteristic, differing again from each of the other known species or varieties, in that sockeye salmon will not lay their eggs on any gravel bar other than the one from whence they came.

In the year 1913 a disaster occurred at the place in the Fraser River called Hells Gate Canyon, a narrow gorge through which the waters of the Fraser pass at the rate of about 22 miles per hour. In that year contractors were engaged in building the Canadian

Northern Railway, now the Canadian National, and were blasting the sides of the mountain to make a roadbed for the railway. As a result of the loosened rocks falling into the canyon a change took place in the currents of the canyon, and the sockeye salmon heading upstream that year through the canyon to spawn were unable to do so and were almost wiped out. It is almost unbelievable, but we learn from very reliable sources that in that year close to 10 million sockeye salmon were heading up the river to spawn in the upper regions of the Fraser, but 80 per cent or so of them did not get through Hells Gate Canyon and so died without spawning.

The question is often asked why there was a long delay in constructing some facility in the canyon to enable the salmon to pass through. Fishways have since been built in the canyon to provide a passage for the sockeye at certain heights of water. The reason for the delay is that we were on the receiving end of the salmon while the Americans were on the catching end, and to bring about any equality in the division of the catch a treaty between Canada and the United States had to be entered into; it could not be a one-sided arrangement because the fish heading for the Fraser River from the ocean passed through American waters and therefore the Americans had the first chance at catching these fish. It was not until the year 1937 that the treaty became effective between the two countries which set up the International Pacific Salmon Fisheries Commission. Canada had passed the treaty in 1930 but the United States did not finally pass it until 1937.

In that year six commissioners were appointed, three from the United States and three from Canada, and I have the honour—and I am proud of it—to be one of the remaining original members who were appointed to that commission in 1937 and at present I am Chairman. It was laid down in the treaty that our duties were to preserve, extend and rehabilitate the once great runs of the Fraser River, and one other requirement was that we divide the catch equally as near as practicable between the two countries, Canada and the United States. May I say that the division of the catch between the United States and Canada, and the increasing size of recent runs has attracted world wide attention. How close we have come to a fifty-fifty division of the catch can be better shown, I think, when I tell you that last year the Canadians caught 5,241,617 and the Americans 5,527,316. Over the years we believe that we have done a marvellous job in dividing the catch almost equally, when one considers that there are three or four different types of fishing on each side of the boundary line.

The fishery regulations put into effect by the International Commission are designed to permit a bulk of escapement from the first or the peak of the spawning migration. We have found over the years that the late fish, the ones that are delayed, are of no use on the spawning bed. I will illustrate that later as to just what effect that has, the fact of allowing late-comers to go up and spawn.

In 1958 the sockeye salmon were from 10 to 12 days late. Over the years we know the time of arrival off shore, either off Juan de Fuca or the Fraser River. The reason for their being late that year was given to us by those men whose duty it is to test the ocean waters. They told us that the Pacific Ocean last year was from two to four degrees warmer than in previous years, and we regarded that rise in temperature as the reason for the delay of the fish in arriving.

We were forced to change fishing regulations, shall I say, almost every day. You must realize that there are two countries fishing, and with the requirement to divide the catch equally between the nations we naturally have to keep a very close eye on the numbers and quantities of fish caught so that if one country is going ahead too fast we close it down and allow the other side to catch up. Over the years the equality of division has not varied more than about 3 per cent of the total of the catch, which I think is a wonderful record.

Now, I come to what took place in 1958. To begin with, we had an unprecedented catch. We did expect to have such a large run of fish. Our director, Mr. Royal, who I claim is one of the most able biologists in the country, and is aided by a very able staff, forecast at a meeting with our Advisory Board late in December 1957 that we would have around 12 or 14 million. You may well ask how can anyone forecast in advance what the run may be. We cannot fully explain why, but there are certain signs which reveal to us what is likely to happen the following year. With every school of fish that comes up the river to spawn there are a number of three-year old salmon, or "jacks", as they are called. Why they come in their third year, we don't know. But our director and his staff are able to tell the industry what can be expected the following year by counting the number of "jacks" that come in the current year's run. Surprising as it may be, it has worked out successfully so far.

In 1957 there were in the Adams River many thousands of "jacks", or three-year olds, which came up to spawn with the usual four-year olds. So, the director and his staff

predicted for the industry that they could expect a big run of salmon the next year, namely 1958.

Well, the catch was larger even than we predicted. But one of the difficulties in 1958 was that the salmon stayed away up north of Vancouver Island, and later in great numbers began to take a new route down the mainland through Johnstone Strait. They came through in such great numbers that many of the Canadian canneries could hardly keep pace with the catch. I recall one week-end hearing that the canneries would have liked to have the fishing closed because they could not handle the numbers of salmon that were caught which came that way, heading of course for the Fraser River.

In round numbers, more than four million sockeye salmon passed through the waters of Johnstone Strait, which is outside the treaty. If all the sockeye salmon came down through the Johnstone Strait there would be no need for a treaty at all, because they would all be caught in Canadian waters. When this large number—4,260,000-odd—came through the Johnstone Strait, naturally the American fishermen were very jealous of what the Canadians were catching of Fraser River fish, but of course Johnstone Strait is not under the treaty. In the Canadian convention waters some five million fish were caught; and I have given the figure of more than five million having been caught in the United States convention waters.

There was also an Indian catch of 120,000 fish, which are caught in the interior and dried by the Indians for winter food.

Further, there was a total escapement of 3,816,114. There is quite a story to that, with its tragedy and benefits in the story of the great catch of sockeye salmon which we had last year.

In addition to these figures which I have given, some 300,000 fish were unable to make the spawning beds, and it would have been too late anyway had they reached them. You will hear a very interesting story of what we had to do to prevent some two million fish from going on to the spawning beds, which we did not want there; the spawning beds at Adams River had all they could take care of, without detriment to the 1962 run.

All told, the sockeye salmon caught, canned, and escaped to the spawning ground reached a grand total of 19 million, each sockeye weighing from six to seven pounds. Honourable senators, 19 million is a lot of fish.

At the opening of the season, the fishermen and the fishermen's union met with the canneries and agreed upon a price of 28 cents a pound for canned salmon. At that time the canneries had no idea where the product would be marketed. As a matter of fact, the banks had been carrying the industry for the past number of years to the extent of many millions of dollars and the outlook for the canneries was indeed black. And here was a big catch coming up with no sign of where it could be sold.

Then, like a bolt from the blue, the regulations in Great Britain were changed overnight and the British buyers said "We will buy all the salmon you have." No indication or notice was given for the sudden change. One smart buyer was tipped off and flew from London to Vancouver to buy up most of the canned salmon before the other British buyers could get here. The industry kept back a considerable number of cases for home consumption, but most of the 1958 pack went to Great Britain at something like, I believe, $37 a case.

This meant that through the Adams River to the Fraser River sockeye salmon meant a gross take of almost $50 million this past year. There are various values given out: sometimes they represent the landed value, which is what the fisherman gets, but I am giving you the cost at which the product is sold wholesale. As I have pointed out, one does not count the value of an apple crop by taking the number of apples on the trees or in the boxes in the warehouse; rather, one takes the value of the apples in the stores. So, as I have said, the value of the sockeye salmon catch to the Fraser River area this past year has meant $50 million to the province of British Columbia. I intend to speak a little later about those who would wipe out the whole salmon fishing industry by building dams.

Just a word more about the counting of the escapement. I do not intend to explain it in detail, except to say that it is done scientifically and is a fairly accurate count. Many may ask how one can count 1,700,000 fish. It so happens that the spawning beds in the Adams River can hold no more than 1,700,000 fish.

Following the 1,700,000 already on the spawning grounds were two million more. It may be asked, why were they allowed to go up? I began to explain that the canneries offered 28 cents a pound, and then, about the time the British Government bought the output, they notified the fishermen's union, "After a certain date we are not buying any more fish at this figure; we will not pay 28 cents for the balance of the catch; but if you are prepared to take less we may dicker with you." Some American canners offered 14 cents, and at one time I thought the offer would be accepted. And may I say, honourable senators, that had the fishermen been allowed by the heads of their union to fish at that time and accept 14 cents,

their takings per fisherman would have been worth anything from $500 to $1,000 a day, because at that time the Fraser River was alive with sockeye salmon; over two million were on their way up the river. So when the Canadian canners refused to buy the fish at 28 cents, and the union would not take 14 cents a pound, great hordes of salmon which were not wanted on the spawning beds started upstream, and the commission was placed in a rather ticklish position. Both the industry and the men tried to drag us into the dispute, but we kept aloof from anything of the kind. Under the provisions of the treaty we have no power to interfere with questions of price and the handling of the sockeye salmon. However, we knew how disastrous could be the consequences if these two million fish were permitted to go up to the spawning beds, already occupied by 1,700,000. We knew that the result could be disaster four years later. I may be asked why this would follow. Well, the commission has been investigating this subject for 20 years. We know something about the industry—there would be something wrong if we did not. We are amply supplied with funds from both the Canadian and United States Governments and have the services of a splendid staff under a very competent director.

Back in 1946 more than a million and a half salmon were allowed in the spawning beds, with results that almost wrecked the salmon fisheries four years later. The late fish are weak, and if they go on to the spawning beds where other salmon have laid their eggs they dig up the nests of the good spawners and lay eggs which are weak or inferior. Our experienced biologists have tested the amount of fat in the body of the salmon before it heads up the river, and how much oil is left in the fish after it spawns. They have found that just before the fish enters the Fraser River it has about 14 per cent oil fat, and after its eggs are laid practically no oil fat is left. So if the fish are delayed they deteriorate. Consequently we were faced with the great problem of what to do with the two million salmon which at the time were heading up to the spawning beds, with the beds already occupied by 1,700,000, and this through no fault of ours.

The Americans, of course, have an advantage over us in that they could use these fish, canning them under another name and selling them in the southern states. The price of 14 cents a pound would have paid the industry very well, but our canners are very touchy, and naturally so, about possible bad effects on the good name of first-class, number one sockeye salmon, which has made a great name throughout the world and is held in very high esteem by overseas buyers and the Canadian people. However, the matter may possibly rise again, and I hope that by that time steps will have been taken to mark this lower grade product even as secondary fish. It seems most unfortunate that some use should not be made of that great host of salmon, a large percentage of which was first-class food for human beings. I do not speak without some knowledge, because the commission put out test drifts in the river, caught some of the fish, and had it canned and tested by Government inspectors. Later we opened and examined the cans.

Hon. Mr. Euler: How did you solve that problem?

Hon. Mr. Reid: I am glad the honourable senator asked that question. Over the years we have been experimenting with electrical gadgets, endeavouring to find a method whereby we could get fingerlings of salmon over or round the dam without injury. We placed across the mouths of these rivers electric rods about 18 inches apart, and when the fish came between the rods they backed up; very few if any passed through. We cannot justly be accused of killing them, because we didn't, though I, as chairman, was rather worried about a story which might have got around that we had destroyed good food. In fact all that we did was to divert the fish; we prevented them, by means of these rods, from getting to the already seeded spawning beds. I can show honourable senators photographs of the waters outside the rods absolutely solid, black, with sockeye salmon which had tried and failed to pass through the rods. When they felt the current of electricity they backed up.

Hon. Mr. Wall: What happened to the two million salmon that were not permitted to pass up the river? Where did they complete their life cycle?

Hon. Mr. Reid: When they came to the mouth of the spawning beds and found themselves up against these electrified rods they milled around the lake. Many of them spawned on the bars of the lakes. We are not sure what will happen, whether success will attend their spawning on the lakeshore, but we doubt it. Many spawned on the lakeshore, but many died without spawning.

We are of the opinion that the original productivity can be exceeded through further research and increased knowledge of the life of the salmon. The big production year was 1913 and we have now reached more than 60 per cent of that production. I must hasten to inform honourable senators that every fourth year there is a big production of salmon, and when the disaster took place in 1913 the five great areas in the Fraser

River for sockeye salmon had their big year in that uneven year of 1913. After we built the fishways at Hells Gate some of the runs started to have their big year in the even years. The Adams River run is one run that changed back from the uneven years to the even years. For instance, they had a big year in 1948. It will be a great step forward when we find out why nature produces only one large run of salmon in the four-year cycle. Sockeye salmon fry is practically the only variety that moves into a lake where it lives from 12 to 18 months before heading out to sea. This makes sockeye salmon distinct from all other varieties.

Hon. Mr. Euler: May I ask the honourable gentleman a question?

Hon. Mr. Reid: Certainly.

Hon. Mr. Euler: I would like to refer back to your comment about the two million fish that tried to get up or past the electrical bars. You said that very few got through. Where did the rest go? Did they go back to the ocean?

Hon. Mr. Reid: No, they swam around the lake and some spawned on the lakeshore and eventually died.

Hon. Mr. Farris: Would that be Adams Lake?

Hon. Mr. Reid: No, Shuswap Lake. Thousands never reached the spawning beds because they were too weak. They stayed too long in the open sea and lost their oil or fat and deteriorated to the extent they could not make the 300 mile journey up the Fraser River.

Honourable senators, we believe that the major lake feeding pastures are at the present time greatly under-cropped. Twenty years have now elapsed since the commission started its investigations, and we feel that our research management and requirements are sound and very successful. I want at this time to give particular credit to our director, Mr. Royal, and his staff. We are dependent on the commission's director and staff for their advice and the work they have carried out, and I feel that the success we have achieved in the past number of years is due largely to their efficiency. I would be remiss indeed in my duty if I did not say so at this time.

As I pointed out, it used to be that the odd years, such as 1905, 1909, 1913 produced the big runs. The object of the treaty was to restore those great runs, and, as I have said, over 60 per cent of that productivity has now been reached. It should not be overlooked that for the first eight years of the treaty's existence we were not allowed to regulate at all. Our instructions under the treaty were to investigate, and we did investigate, using competent biologists and engineers. Then after a period of eight years we started to regulate, and it is owing to the regulations put into effect by the commission, together with the information as to the life of the salmon during its journey from one end of the river to the other, that the great success which is now enjoyed has been brought about. I am pleased to say we are now close to the former peak runs and we expect soon to surpass them.

There are two species of salmon we have to deal with under the treaty. I believe I can say without boasting that the success we enjoyed with the sockeye salmon brought about the demand, particularly by Americans, that another variety or species be placed under our jurisdiction. So we have two species now, the sockeye and the pink. I would point out that from the time the eggs of the pink salmon are laid to the time the fry go out to sea and return covers a span of two years, and there is only a catch of pink salmon every two years. The responsibility of looking after the pink salmon was given to us in 1957, in which year some 300,000 spawned above Hells Gate. After the disaster of 1913 occurred not a single pink salmon went through Hells Gate Canyon until 1945-46, after the fishways were built. With the proper management of these fisheries a catch of 15 million to 20 million pink salmon can be expected by American and Canadian fishermen.

I do not want to take up too much time on this subject, but my story would not be complete if I did not refer to one of the great problems confronting us, the proposed construction of dams in the Fraser River. There is a group of engineers going around British Columbia and we do not seem to be able to get it through their heads—I suppose they are receiving large salaries from engineering companies—that what you can do with one species of salmon you cannot do with another. In so far as sockeye salmon are concerned, we claim there is no solution as to their survival if dams are built on the Fraser River. Authorities in both Canada and the United States have spent millions of dollars endeavouring to find the solution. The fact is that when the ordinary citizen or engineer speaks about dams and fish he always thinks of taking fish up over a dam or around it. You may take sockeye salmon up over a dam all right but the undue delays caused will wipe out their run. If it is decided to divert the waters of the Columbia River into the Fraser River it will mean the construction of ten dams, and we have conclusive proof that the greatest delay the sockeye salmon can

endure and still survive to lay their eggs is 12 days. They have a destiny with time. The fat is being used up after they enter the river and when the fish come up against an obstruction, no matter what type it is, they swim around for two days. We have endeavoured to point out to the Government and those interested in building the dams that a diversion of the waters of the Columbia River to the Fraser will mean completely wiping out the sockeye salmon in the Fraser River. Having to get over or around ten dams will prove fatal.

I repeat my statement about the loss of fat. Engineer's minds are closed to these facts regarding sockeye. We have pointed out that we are not against hydro-electric power. We have tried to show them that power could be developed in certain upper sections of the Fraser River without interfering with the salmon. Only recently a report was placed before both Houses of Parliament from the Fraser River Basin Board. I do not know how many honourable members have troubled to look at that report. The board is supporting what we have long contended, that 1,300,000 horsepower can be developed on the Fraser or its tributaries far enough up so that the sockeye salmon would not be interfered with. These dam engineers talk about hatcheries and rearing ponds. Well, the long history of the Columbia River since they built the dams there shows that the fishery has gone down some 80 per cent since the year 1910, from which time they have been endeavouring to maintain it with 19 or 20 hatcheries. Yet in spite of the 20 hatcheries it is going down and down and down. The sockeye of course has been wiped out.

Listen to this interesting statement—and I hope some dam engineers are present: The present crop of 1958 came from eggs of 1954. They produced 19 million salmon. There were four years ago some 1,700,000 spawners on the Adams River spawning beds. If that is multiplied by 3,000, which is the number of eggs that the female salmon has, it will be found that if you endeavoured to handle that great number artificially it would take more than all the hatcheries in the entire world to handle 5 billion eggs. I am giving accurate figures, and I hope that those who are advocating dams will take note of what Mother Nature is doing without artificial hatcheries and without any expense. As I say, the fish came up and laid their eggs in the gravel beds, and they were looked after by God and nature, without the cost of hatcheries or rearing ponds. And remember—it would require 16,000 rearing ponds, plus a staff of 25,000 to manage these hatcheries and rearing ponds.

Honourable senators, this is a factual picture. These are not figures of imagination, they have been carefully worked out. I am placing this before the members of the Senate and trust that the dam engineers will take note and understand some of the facts I have been giving this evening.

Now I come to my last point, and I must apologize for being so long. I am glad I did not have another subject to speak on this evening.

I was very pleased to see in the Speech from the Throne a reference to the Columbia River. However, may I point out that there can be no final settlement of the Columbia River question without the concurrence of the provincial Government, and I contend that so far the province of British Columbia has been ignored. Before any agreement is made, I maintain that the province should and must be consulted. They certainly could not carry out General McNaughton's brain scheme of diverting the waters of the Columbia to the Fraser without authority from the province, and it has been stated flatly by the provincial cabinet ministers and the Premier that there will be no dams on the Fraser until the salmon situation is solved. We will keep an eye on them just the same in case there is a change in their views. General McNaughton's attitude all the way along has been as if he were the sole party concerned. After all, a province has some rights.

I have here an article which quotes the Minister of Lands and Forests of British Columbia, the Honourable Ray Williston, as saying that General McNaughton's attitude "was in direct conflict with the wishes of the people of B.C.". The article goes on to say:

> He was so "alarmed" by the general's outline of Columbia proposals, he said, that he wired Resources Minister Alvin Hamilton, asking if McNaughton was "speaking for the Canadian Government".

He had to wait six weeks before he got an answer. He thought he was never going to get one. Speaking on behalf of the Government of British Columbia, Williston said:

> The federal Government had no policy whatsoever on the Columbia until recently.

He added that the engineering studies on the Columbia are so incomplete that "we still don't know if a dam site can be placed at Mica Creek."

May I point out, honourable senators, that on some of the sites they suggested building a dam—they proposed to do it quietly, they didn't tell the public—they later found out they could not do so because the rocks had cracked—had crevices in them, and it was unsafe to build there. No information has come forth from General McNaughton as to

whether a dam could be built at Mica Creek or not. Williston claims the Peace River power will be ready long before that of the Columbia, and that it will be just as cheap. The provincial Government are using another club now. They sanctioned a new company formerly called Wenner Gren, which now is under a new name. Now the Premier has a club in each hand. He says this company will build a power plant in the Peace River with power just as cheap as from the Columbia River. He says now he does not care if they ever reach an agreement on the Columbia. It is going to be very interesting to see how this thing is going to be solved ultimately.

I think a lot of the blame for the delay can be placed on General McNaughton. I am not entirely satisfied with the Wenner Gren project, because I think they are getting away with an empire; they are going to build a dam which will produce 4 million horsepower in the lake formed by the dam, which will probably be the largest artificial lake in the world when they get through, and which will bring the power to Vancouver. But here you have the B.C. Electric handling all the power there, and the B.C. Power Commission delivering power to the outlandish parts of the province. Then we will have two private companies competing for power, plus a power commission. Personally I would like to see the power from the Columbia being handled by a public commission like the B.C. Power Commission. So far it has been a one-man battle, and it is my opinion that if the Columbia River is diverted to the Fraser it may strain our relations with the United States, at a time when our relations should be closer in face of the Soviet threat to finish off the Western nations now by economic means or trade.

I hold no brief for the Americans, but I do not like their being threatened. The Honourable Mr. Green in his statement supports General McNaughton when he says that they are going to keep the plans for diverting the Columbia in cold storage for 25 to 30 years. I would like to quote what the Honourable Mr. Green said to a House of Commons committee in 1955. At that time he was a strong advocate for provincial rights, but evidently he has since changed. The Honourable Mr. Green said the other day that power from the Columbia would be delivered to Vancouver cheaper than from any other place. Well, if we get cheaper power by doing that I will be the first to commend it, but I have my doubts, even though cheap power is delivered. It is a well-known fact that consumers in Vancouver and district are paying twice as much for electric power as consumers in most cities in Canada. Ottawa pays less than half of what we do. Toronto, Winnipeg, and even Saskatchewan cities pay half the rates that we in Vancouver and district are called upon to pay.

It must be remembered that the proposal to divert the waters of the Columbia into the Fraser will mean the construction of ten dams. We have advocated the building of a dam at Mica Creek under an agreement by which 50 per cent of the power developed will be allotted to benefit downstream interests. Such a development would supply British Columbia for a long, long time. A project of this kind would be accomplished much more quickly if General McNaughton would only realize he is not in battle, that he is not actually at war with the Americans. My opinion is that his attitude all the way along has been the wielding of a big club to further this great scheme of his, the diversion of the Columbia, and I must say that I am surprised to find the Honourable the Minister of Public Works supporting the scheme and saying that he will put it in cold storage. May I say that I am going to do all I can as long as I have strength in my body to prevent diversion of the Columbia River to the Fraser, for this would destroy and wipe out one of God's great gifts of food and one of Canada's great natural heritages.

Honourable senators, I have just one more statement to make. I believe the reason for optimism that a settlement will be reached this year is not that any of the major problems have been solved, but simply that the way seems open now for the inevitable bargaining and there is every reason to believe it will be realistic and tough. Canada has little to gain, however, by playing dog in the manger. Canada, of course, has the absolute right to develop the upper Columbia as it likes or not at all, or to let its flow run unregulated across the border, or to divert it. Our unusual position of dominance imposes on us an obligation. Canada should not take unfair advantage of the situation. This is the time to be scrupulously fair, even generous. We should offer the United States a fair deal according to the pattern of previous agreements. This pattern is remarkably consistent. It is an equal sharing of the costs and benefits, 50 per cent to each. And let the province be taken into consultation.

On motion of Hon. Mr. Wall, debate adjourned.

DIVORCE

BILLS—SECOND READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill SD-72, an Act for the relief of Irene Balk Goodson.

Bill SD-73, an Act for the relief of Jean Grand Shacklock.

Bill SD-74, an Act for the relief of James Kennedy Andrews.

Bill SD-75, an Act for the relief of Lillian Haber Rudner.

Bill SD-76, an Act for the relief of Esther Lillian Issenman Rosen.

Bill SD-77, an Act for the relief of Ana Nili Indursky Seeman.

Bill SD-78, an Act for the relief of Joan Howell McShane McNulty.

Motion agreed to and bills read second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, February 18, 1959

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

Prayers.

DOCUMENT TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following document:

Reply of the Canadian Government, dated February 17, 1959, to the Note, dated January 10, 1959, from the Government of the U.S.S.R., concerning the conclusion of a Peace Treaty with Germany. (English text).

PRIVATE BILLS

BOILER INSPECTION AND INSURANCE COMPANY—REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill S-8.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (S-8) intituled: "An Act respecting The Boiler Inspection and Insurance Company of Canada", have in obedience to the order of reference of February 10, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon Mr. Aseltine, for Hon. Mr. Brunt: Next sitting.

BALOISE FIRE INSURANCE COMPANY OF CANADA—REPORT OF COMMITTEE

Hon. Paul H. Bouffard, Chairman of the Standing Committee on Miscellaneous Private Bills, presented the report of the committee on Bill S-10.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred the Bill (S-10) intituled: "An Act respecting Baloise Fire Insurance Company of Canada", have in obedience to the order of reference of February 12, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon. Mr. Aseltine, for Hon. Mr. Smith (Kamloops): Next sitting.

NORTH AMERICAN ACCIDENT INSURANCE COMPANY—REPORT OF COMMITTEE

Hon. Mr. Bouffard presented the report of the Standing Committee on Miscellaneous Private Bills on Bill S-9.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred the Bill (S-9) intituled: "An Act respecting The North American Accident Insurance Company", have in obedience to the order of reference of February 12, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon. Mr. Hugessen: Next sitting.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 103 to 110, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

BILLS—THIRD READINGS

Hon. Mr. Roebuck moved the third reading of the following bills:

Bill SD-72, an Act for the relief of Irene Balk Goodson.

Bill SD-73, an Act for the relief of Jean Grand Shacklock.

Bill SD-74, an Act for the relief of James Kennedy Andrews.

Bill SD-75, an Act for the relief of Lillian Haber Rudner.

Bill SD-76, an Act for the relief of Esther Lillian Issenman Rosen.

Bill SD-77, an Act for the relief of Ana Nili Indursky Seeman.

Bill SD-78, an Act for the relief of Joan Howell McShane McNulty.

Motion agreed to and bills read third time and passed, on division.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

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

Hon. William M. Wall: Honourable senators, permit me to append my sincere congratulations to those already directed to the mover and the seconder of the motion for an Address in reply to the Speech from the Throne. Their introductory statements, in substance and delivery, set the tone for the very many fine addresses which have followed.

I share in our mutual satisfaction and pride that our forces have been augmented by three new members. Your attention has already been drawn to the significance and the representative and meritorious nature of these appointments, and I need not dwell upon this any further. We all look forward to the significant contributions which each of these newly-appointed senators will be making to the legislative work of this honourable house. I join in extending to them my warm congratulations, and an assurance of sincere friendship and good fellowship, with which dual heritage I have been endowed so munificiently from the first days of my privileged membership in this house.

Let me begin in a kind of minor-key motif. Specifically, I wish to register a complaint against what I think is the unwarranted exercise of ministerial discretion to withhold information which can hardly be regarded as confidential or secret, especially when it concerns legislation being presented to Parliament. Why is it, when a bill is before Parliament and we should have all the pertinent information, we are often kept in the dark, but when the legislation is passed this information may then be given public circulation? And I am not, honourable senators, referring now to the *aide memoire* of the United States Government concerning its serious criticisms of the amendments to the Customs Act, which unique development differed considerably from the action taken by the Department of State when it received the *aide memoire* of the Canadian Government at the time the United States Senate was considering legislation dealing with pilotage in the Great Lakes Basin.

Not long ago the honourable Minister of Transport indicated that the Government has a program of development at the lakehead which is far-sighted, comprehensive and adequate because it will do a first-class job for the lakehead. Please note the "judgemental" adjectives: far-sighted, comprehensive, adequate and first-class.

During the last session of Parliament we had under consideration the problem of harbour facilities development at the lakehead. At that time I wanted to know something about the existing facilities, the kind and volume of trade through the lakehead at present, the best estimate of the kind and volume of trade we might expect there during, say, the next ten years, and the kind of loading and freight-handling facilities which might be needed for this new traffic.

My purpose in raising this point is to register this query: Why should a member of the Senate be denied the opportunity to study the pertinent findings of a survey made by publicly-paid officials of a Government department—in this case, two departments—at public expense, in a problem area of wide public concern? Specifically, a survey report of lakehead harbour facilities was prepared by an interdepartmental group of senior officials of the Departments of Public Works and Transport. Although I had already read the Manitoba Government report prepared back in 1955, and a further analysis by an independent expert, a Dr. Harold M. Mayer, of Chicago, I wanted to know how our federal officials had appraised the situation in 1958. So I had requested access to this report, first by telephone and then by letter to the appropriate minister, which I sent in June, 1958. And I was given the usual answer that such reports are basically for the information of the departments concerned, although I must, in fairness, admit that the minister's letter, because of my supposed particular and unique interest, did contain a few broad and highly generalized statements of survey conclusions: to wit, that existing package freight facilities were obsolete, that there was no provision for handling truck traffic, and that early reconsideration was called for in the nature of a common terminal. Not much food for analytical thought there, I assure you.

In this context, imagine my interest in a news dispatch dealing with the joint conference of representatives of the provinces of Ontario, Manitoba and Saskatchewan held in Winnipeg on February 2. In it I find that an official of the Public Works Department did give specific details concerning the proposed $5½ million package-freight terminal at the lakehead, together with supporting economic data. I do not know how much of this specific data was based upon the findings of the survey to which I have already referred, but I must ask: At what point does ministerial discretion to withhold information collected by public servants at public expense transgress the norms of free access by members of the Senate to factual knowledge which certainly cannot be regarded as secret?

If I am to be in a knowledgeable position *vis-à-vis* important public problems, I must have free access to available information—a freedom which is merely an extension of the people's right to know about their legislatures, about their executives, about their judicial

proceedings. For there is a basic relationship between freedom and secrecy, and an increase in trends or tendencies to secrecy is a curtailment of knowledge and therefore a curtailment of the freedom of Parliament.

In the general framework of questions which may be asked the Government concerning what may be termed "casualties" of announced public policy before assuming office—and here I am thinking of such things as the rebuilding of Canada's merchant marine, national budgets ostensibly swollen by waste, high interest rates, an honest non-inflated dollar, among others—I must draw the attention of honourable senators to the problem of a policy conference to deal with dominion-provincial tax sharing.

I shall not speak at length about the still unresolved problem of dominion-provincial tax sharing, although I am mischievously tempted to refer to the criticisms of the Conservative spokesmen in which they criticized, nay, veritably belaboured the former Liberal Government for not giving the provinces a large enough share of federal taxes, and for its supposed high-handed "take it or leave it" attitude. I seem to remember that in his opening campaign speech in Toronto in April 1957, the Right Honourable John Diefenbaker implied that this problem would be settled soon in a spirit of unity and amity, and with mutual tolerance and respect, as opposed to the arrogant domination and stiff-necked attitude of the Liberal Government.

True, there was a conference with the provinces in November 1958, and I attended the open session, but it was a "listening-type conference," with the representatives of the federal Government listening to the problems of the provinces. Then the conference was adjourned, and the next thing we knew was that the present administration unilaterally adjusted the formula previously evolved—true, keeping its basic principles of equalization and stabilization. How? Simply by increasing the provincial take-home payments from 10 per cent to 13 per cent of the individual income tax revenue.

Honourable senators know something about the chorus of provincial disapproval directed both at the amount of the adjustment and at its unilateral character. Now the Government announces a unilateral one-year extension of this widely unacceptable unilateral decision, with a promise to study this problem co-operatively through the existing machinery of the federal-provincial continuing committee.

My province of Manitoba continues to express its dissatisfaction with this state of affairs, and Premier Roblin openly voiced his "disappointment".

In the Ontario Legislature, in the debate on the Speech from the Throne, Premier Frost intimated that he has retreated "not one-quarter of an inch" from the position he took when the Liberals were in power in Ottawa. This means that although the Premier agrees to accept for this year the extra 3 per cent on personal income tax he is looking for a realistic, enduring and just settlement whose price tag he openly admits would be the same additional $100 million that he insisted on a couple of years ago, plus an upward revision to cover current price increases. Now, if we keep in mind that a formula providing Ontario with an additional $100 million would roughly double Ontario's transfer payments, which last year were $96,722,000, then we can see that the increased federal tax sharing of this order for all provinces could involve an upward revision of the relative burden of the national tax structure.

I presume that these provincial expectations are tempered by the cold realism of what these will mean, for even with sizeable increases in national revenues because of a rise in our gross national product through accelerated economic activity, additional payments to provinces could and would undoubtedly be a causative factor in the upward revision of our federal tax structure. I hope that we are not anticipating to find some relief from this unavoidable and necessary step by the increases in national revenues which would come from a stiff dose of inflation.

Now, although I appreciate that the Government has not ruled out the possibility of a conference, perhaps in 1960, and although I accept the need of what I may term technical studies of tax-sharing problems to which the Speech from the Throne refers—and they have been going on all the time—the fact remains that what the country was led to believe and expect was that there would be an immediate policy-making conference, a promise repeated at the conclusion of what I termed the "listening-type conference" held in November 1957. The fact remains that provincial Premiers continue to demand such a conference, and their insistence is not diluted by their mounting financial problems because of higher interest rates and the more pressing needs of municipalities. Surely we are not going to have in this aspect still another casualty of unfolding federal policy.

Honourable senators, I feel that I should now bring to your attention the emerging problem of federal Government participation in the public projects which are needed to solve some of Manitoba's problems connected with the control of waters flowing

into Lakes Manitoba and Winnipeg and the lake levels of these two bodies of water. Our biggest problem is flood control, but there are important hydro-electric power considerations, especially on the Nelson River.

I have in my hand a report on Measures for the Control of the Waters of Lakes Winnipeg and Manitoba, dated June 30, 1958. This report gives the recommendations of a joint survey made by representatives of the Governments of Canada and Manitoba. Its terms of reference included the determination of the physical, engineering and cost practicabilities of further developments in the control of these water resources with particular reference to (a) flood control—because of the flooding of lands in and around the two lakes and its river tributaries; (b) hydro-electric power—because of the effects of the lake levels on the power potential of Nelson River power sites.

Its recommended findings, which we find on pages 9 to 11 of the report, suggest the following: (1) In the Lake Winnipeg area the reservation of Crown lands and the public acquisition of lands privately held to enable the regulation of lake levels between certain recommended elevations; (2) Lake Manitoba regulation for flood control between elevations 811 and 813.

There is a cost estimate of about $1.5 million for Lake Manitoba regulation. There is no cost estimate which we could pin down for the acquisition of lands privately held.

Several days ago the Province of Manitoba's Royal Commission on Flood-Cost Benefit released its findings. Briefly, this report discusses flooding frequencies from a historical perspective and analyzes the financial costs to the people of Manitoba of floods which did occur and which could and probably will occur again. These costs are adjudicated at the level of $14 million per year, distributed thus: $12.8 million for metropolitan Winnipeg; $700,000 for the Red River Valley; $500,000 for the Assiniboine River Valley. And these, honourable senators are annual costs.

The report goes on to reject as not practicable or feasible the idea of a self-sustaining flood insurance plan, however it may be conceived. The report recommends three major projects to give these areas the required flood protection: (1) a floodway round greater Winnipeg; (2) a canal-type diversion of the Assiniboine River into Lake Manitoba at Portage La Prairie; (3) a control reservoir on the Assiniboine River at Russell, Manitoba. The total cost of these three projects is estimated at $72.5 million.

It may be significant if I tell you that if we calculate the capital fund amortization on the basis of an interest charge of 4 per cent and a term of 50 years, the annual cost of these projects is estimated at $4 million. Compare that with the $14 million that the people of Manitoba are estimated to be paying annually for flood damages and flood fear costs. When we compare this with the present financial costs to Manitoba of annual flood and threat costs, we find that for every dollar spent on these projects the estimated economic benefit is $2.73. The report, therefore, states that there is no doubt about the fact that the costs of protection through these projects are substantially less than the estimated costs of flooding to which the people of Manitoba are being subjected on a painful and recurring basis.

My purpose in bringing this problem to the attention of honourable senators is to underscore that there exists some reasonable measure of national responsibility in the successful implementation of the projects recommended in both reports. If the federal Government assumed its adjudicated share of responsibility in launching the Saskatchewan River Dam project, then this same precedential level of participation will undoubtedly be accorded to the Manitoba control projects. And I am sure that Manitoba will soon be searching for this amount of participation by the national government.

But I am perturbed by what I read in the press concerning a statement of the Honourable Alvin Hamilton, Minister of Northern Affairs and National Resources. As reported by the Winnipeg *Free Press,* on Friday, February 13, the minister

> —could not say whether the federal Government will be prepared to assist financially in carrying out recommendations of the Manitoba royal commission on flood protection.

And why? He goes on to say, well, he has not seen the report, Manitoba has not asked him, and so on and so on.

The article further states:

> The minister said that there was one way the federal Government might assist if it decided to participate and that was through the Water Conservation Act—

But, why on this basis? How does this square with the federal Government participation in the Saskatchewan Dam project?

I leave that problem on this point.

I want to turn to the question of national scholarships, bursaries and loans for university and college students. I do not now propose to document the continuing and ever more pressing need for an increase in the number of scholarships, bursaries and loans for university students. This I have done on former occasions.

For example, I have explained that in 1956-57 we had a grand total of 18,000 scholarships for a university enrolment of 85,000. Roughly one student out of three

was in receipt of some aid. This compared poorly with Australia, where 50 per cent of all university students had national scholarships and bursaries; and with the United Kingdom and the United States, where approximately 75 per cent of all university students receive aid.

There is another problem which merits our attention. In amount our scholarship and bursary aid is poor. We average about $325 per recipient, and we range from $25 to $1,000 or over for post-graduate students. This amount must be compared with the mounting costs of university training, which are now beginning to average around $1,500 per year and up.

Putting this problem in another way: a study lately completed indicates that by working summers or during the school term, and through scholarships and loans, the following percentages of students are able to be independent of family financial assistance—and I submit that these figures are very interesting and significant: Of graduate students—that is our top level students—only 32 per cent are financially independent of parents. For under-graduate the percentages have become rather alarming: engineering, 18 per cent; arts and sciences, 15 per cent; education, 12 per cent; law—I would like to make a mischievous comment, but I won't—9 per cent; medicine, 4 per cent.

Now let us remember that the balance of the students—that is, graduates, 68 per cent; engineering, 82 per cent; arts and sciences, 85 per cent; education, 88 per cent; law, 91 per cent; medicine, 96 per cent—must get finances from their parents. Let us further remember that in 1956, the last year for which we can get figures, there were in Canada 3.9 million income tax payers, and of those 2.7 million earned $4,000 or less. I venture to suggest that a taxpayer earning less than $4,000 is hardly in a position to finance one or two children at a university.

Accordingly, I must ask, what has happened to what I would regard as an election promise to do something about the national scholarship program? Was it a *pro tem* antidote to the Liberal party's promise to institute a scheme of national scholarships, bursaries and loans to provide for a maximum of 40,000 new scholarships, at an estimated maximum annual cost of $25 million? Is it to be still another casuality of the Government's policy in practice?

I refer honourable senators to statements made by a cabinet minister of this Government, the Honourable Sidney Smith, as reported by the Halifax *Chronicle-Herald* of March 4, 1958, the Vancouver *Province* of March 22, and the Winnipeg *Tribune* of March 11. I have the clippings here. What did those statements say? They outlined a stepped-up program embracing urgent increases in fellowships, bursaries and scholarships. Mr. Smith's plan, interestingly enough, forecast that the federal Government would allocate $6,250,000 to first-year students during the first year of operation, which was to be 1958-59; $12,500,000 to first- and second-year students in the second year of the plan, and levelling off in the fourth year at $25 million, to be divided among 40,000 students in all years, at an average of $600 apiece.

What has happened to this important concept in the program of Canada's national development? The plain fact is that there is a deep and studied silence on the part of the Government *vis-à-vis* this pressing public problem.

At this point I should like to give the estimate that I have made of the net additional charges on the public treasury for the conversion loan operation. My calculations show that the net additional charges on the public treasury until 1966, when the last Victory Loan would have matured, will be no less than $249,821,000, including the cash adjustment payments. I am confirmed in the conservatism of my estimate by a statement of the Minister of Finance which we find at page 748 of *Hansard* of the other house:

> Estimated per annum interest of the new conversion loan issues plus unmatured and unconverted Victory Loan issues for calendar year 1959 is $250,888,250. Per annum interest of Victory Loan issues in 1958, assuming that no issue had been refunded prior to maturity, would have been $192,476,410.50.

Now, if we subtract these two figures we get an annual additional interest charge of $58,411,839.50. Some of the issues were to run for another eight years, to 1966, and some for another five years, and so on; and, guessing that the average overall term was four years, if we multiply the additional annual interest charge of $58 million-odd by four we get a total amount of $233,644,358, and by adding the cash adjustments of $42,400,000 we see that the indicated net additional charges on the public treasury are $276,044,538. Dividing that sum by $25 million for 40,000 annual scholarships would have given us more than 425,000 scholarships for the next 11 years.

I would like to turn now to the problem of intercommonwealth scholarships and fellowships. At the Commonwealth Trade and Economic Conference held in Montreal last September the Canadian Government, through the Honourable Sidney Smith, proposed a scheme of intercommonwealth scholarships and fellowships, a proposal which was welcomed by most other commonwealth

countries represented. I quote the following from the Montreal *Star* of September 19, 1958:

> Canada's offer to provide $1,000,000 a year for 1,000 commonwealth educational scholarships won unanimous approval at the Commonwealth Trade and Economic Conference today.

One million dollars, divided among 1,000 students, gives us an average scholarship level of $1,000; and I ask how many boys and girls from families in modest circumstances, whether in the United Kingdom, South Africa, or any other commonwealth nation—or here in Canada, if they wanted to go to some place else for study—would be helped to any considerable degree by an overseas-type scholarship of approximately $1,000 per student. In all humility I ask: "Is that enough? Are we raising our sights high enough?" I may not understand some of the details, but those details have not been given to us.

This proposal is very interesting, but it will be extremely complicated to put into effect and very careful planning will be needed. I understand that the Government hopes to have the first awards under this scheme made for the university session of 1960-61, but this will depend on a lot of preparatory work and intercommonwealth negotiation. It would be encouraging, I think, to those interested in the scheme if the Government gave some assurance that this preliminary planning is taking place and that the scheme as a whole will be pushed forward with the vigour necessary to get it into operation by the fall of 1960.

I should like now to touch upon the problem of federal grants to universities and, especially, their distribution. Honourable senators are aware that the national Government's responsibility for supporting higher education was accorded practical realization by a *per capita* support formula, at present $1.50. One is tempted to pay a tribute—a warm tribute—to the wisdom and the foresight of the previous administration for what will prove to be an important transitional move in the unfolding drama of increased federal support for one of the most important national services. Credit must also be given to the present administration for raising the level of support from $1 to $1.50 *per capita*.

I wish to comment briefly on the adequacy of this support formula, an adequacy which we must assess as we think of the changes in our total Canadian population and compare these to the greater proportionate increases in university enrolments. The problem revolves around the basic fact that university enrolments are increasing at a faster rate than our total population, upon which the level of support is based. In other words, the average per student grant is being continually diluted. For example, in 1956 the previous $1 formula, based on a population of 16,049,288, provided $16,049,288 in federal grants to universities. Dividing this sum by the number of students eligible for these grants gave an average per student grant of $221. Significantly, this same $1 formula, based upon a population of 16,558,000 in 1957 and resulting in total federal grants of $16,558,000, produced in that year an average per student grant of only $205, because of a relatively more rapid increase in university enrolments. Had the same $1 level of support been continued in 1958 the per student grant would have dropped to something like $192.

Fortunately—and I give credit to the Government—the level of support was increased to $1.50 *per capita* of population, and the 1958-59 per student grant is $289. But if present trends continue, if our population increases by approximately half a million per year, and if our university enrolment does no more than increase by the current figure of approximately 9,000 per year, the federal grants to universities will continue to be diluted year by year.

In Dominion Bureau of Statistics estimates received last night we were given figures for the increase of population effective January 1, 1959. I have asked for an estimate as of June 1, 1959, which the Bureau has graciously supplied. Although only an estimate, it is important because upon the June population estimate the $1.50 formula is calculated. The forecast for June is that at that time the population of Canada will be 17,445,000. On the basis of the $1.50 *per capita* grant, the total amount receivable will be $26,167,500. The National Council of Canadian Universities estimates that, if all goes well, the number of eligible students for next year to whom this grant will be applicable will be 96,000, an increase of 8,000 over this year. Dividing the recipients into the estimated grant gives an average for next year of $273, which is $16 per student less than the figure for this year. So I come back to the same point, that the federal grant will be continually diluted. The two things do not flow at the same rate.

Therefore I ask whether the time has not arrived for the Government to consider the feasibility of establishing a university support formula on a fair and equitable figure of so many dollars per student. We might begin with the very modest sum of $300. This year it is only $289; let us move ahead to $300, although what seems a reasonable improvement in the level of support prompts me to suggest the figure of $350. To arrive at the total of the federal grant one need

only multiply this per student support level by the number of students entitled to it.

There is another problem which I feel I must bring to your attention, namely, the results of the distribution formula at present being used by the National Council of Canadian Universities, the body responsible for the distribution, which formula is apparently statutorily mandatory. I am not passing judgment, but it seems important for us to know that the distribution formula results in great variations of per student grant as between the various provinces. This arises from the simple fact that the National Council of Canadian Universities allocates the funds to the provinces on their provincial population figures, and these have no mathematical relationship to the number of students enrolled in the universities and colleges of the said provinces.

Although the average of federal grants per student in 1958-59 totalled $289, the *per capita* student grant in each of the provinces was as follows:

British Columbia	$223
Alberta	354
Saskatchewan	301
Manitoba	247
Ontario	363
Quebec	250
New Brunswick	259
Nova Scotia	215
Prince Edward Island	363
Newfoundland	608

There is a problem here which could be made less onerous if, for example, the federal Government were to use the national average as a floor, so that no university or college would get less than this national average as computed annually on the present support and division formula. I appreciate this would mean that the federal Government would have to provide additional sums of money over and above the amount arrived at on our $1.50 *per capita* support formula, but the sum total would not be very large. I present the following figures representing the additional expenditures on such a floor-grant formula for 1958-59:

	Students	Per Student Additional Payment	Total Cost
British Columbia	10,393	$66	$ 751,938
Manitoba	5,277	42	221,634
Quebec	29,320	39	1,143,480
New Brunswick	3,340	30	100,200
Nova Scotia	4,946	74	366,004
			$2,583,256

Honourable senators, that would be money well spent.

I had intended to discuss the still unresolved and evermore pressing problem of federal assistance for the construction of student residences at our rapidly-expanding colleges and universities, but because this form of assistance might best be rendered through the medium of the Central Housing and Mortgage Corporation, and because we shall soon have before us a bill amending the National Housing Act, I shall leave the discussion on this topic to a more propitious occasion.

I am grateful to all honourable senators for their courteous attention.

On motion of Hon. Mrs. Inman, debate adjourned.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce, Nos. 83 to 102, which were presented yesterday.

Hon. Mr. Roebuck, Chairman of the committee, moved that the reports be adopted.

Motion agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, February 19, 1959

The Senate met at 3 p.m., Hon. Lionel Choquette, Acting Speaker, in the Chair.

Prayers.

APPROPRIATION BILL NO. 1

FIRST READING

The Hon. the Acting Speaker informed the Senate that a message had been received from the House of Commons with Bill C-24, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1959.

Bill read first time.

Hon. W. M. Aseltine: Honourable senators, this bill has to do with further supplementary estimates for the year ending March 31, 1959. I have in my hand a copy of the estimates, which were distributed to honourable senators on January 30 last and are contained in the schedule to the bill.

I think it is important that we should commence to consider these estimates as early next week as possible. Therefore, I would now move, with leave of the Senate, that this bill be placed on the Order Paper for second reading at the next sitting of the house, and that it appear as the first order on that day.

Motion agreed to.

DOCUMENTS TABLED

Hon. Mr. Aseltine: Honourable senators, I table the following documents:

Report on the administration of Old Age Assistance in Canada, for the fiscal year ended March 31, 1958, pursuant to section 12 of the *Old Age Assistance Act*, Chapter 199, R.S. 1952, and amending statutes. (French text).

Texts of the following Conventions and Recommendations, which were adopted by the International Labour Conference at its 41st and 42nd Sessions held in Geneva in May and June, 1958, together with copies of letters from the Deputy Minister of Justice, setting out the legislative jurisdiction of these international instruments:

Convention No. 108 concerning Seafarers Identity Documents;

Convention No. 109 (Revised) concerning Wages, Hours of Work and Manning (Sea);

Recommendation No. 105 concerning Ships' Medicine Chests;

Recommendation No. 106 concerning Medical Advice at Sea;

Recommendation No. 107 concerning Seafarers' Engagement (Foreign Vessels);

Recommendation No. 108 concerning Social Conditions and Safety (Seafarers);

Recommendation No. 109 concerning Wages, Hours of Work and Manning (Sea);

Convention No. 110 concerning Conditions of employment of plantation workers;

Convention No. 111 concerning Discrimination in respect of Employment and Occupation;

Recommendation No. 110 concerning Conditions of employment of plantation workers;

Recommendation No. 111 concerning Discrimination in respect of Employment and Occupation;

all in conformity with the provisions of Article 19(5) of the Constitution of the International Labour Organization. (English and French texts).

LAND USE

REPORT OF COMMITTEE

Hon. Arthur M. Pearson, Chairman of the Special Committee on Land Use in Canada, presented the first report of the committee.

The report was read by the Clerk Assistant as follows:

Your committee recommend:

1. That their quorum be reduced to seven members.

2. That they be authorized to print 800 copies in English and 200 copies in French of their day to day proceedings.

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

Hon. Mr. Pearson: Next sitting.

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, I move, with leave, that when the Senate adjourns today it stand adjourned until Tuesday next, February 24, 1959, at 3 o'clock in the afternoon.

Motion agreed to.

DIVORCE

BILLS—FIRST READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill SD-79, an Act for the relief of Euphemia Caldwell Miller Armitt Esber, otherwise known as Effie Monas Esber.

Bill SD-80, an Act for the relief of Goldie Yelin Freedman.

Bill SD-81, an Act for the relief of Claire Segal Pottel.

Bill SD-82, an Act for the relief of Klara Schillinger Aschner.

Bill SD-83, an Act for the relief of Bernice Helena Peritz Loeb.

Bill SD-84, an Act for the relief of Margaret Soll Rajeczky.

Bill SD-85, an Act for the relief of Audrey Edna Watson Robert.

Bill SD-86, an Act for the relief of Abbie Alice Mahon Reed.

Bill SD-87, an Act for the relief of Alice Christine Leduc Patrick.

Bill SD-88, an Act for the relief of Georgina Joan Saunders Smith.

Bill SD-89, an Act for the relief of Bryan Mills Taylor.

Bill SD-90, an Act for the relief of Dorothy Sarah Sheehan Burchmore.

Bill SD-91, an Act for the relief of William Irvine Moore.

Bill SD-92, an Act for the relief of Audrey Lynn MacGillivray.

Bill SD-93, an Act for the relief of Sarah Goldfarb Nash.

Bill SD-94, an Act for the relief of Witolda Poplawska Wojciechowski.

Bill SD-95, an Act for the relief of Martha Waugh McClure.

Bill SD-96, an Act for the relief of Leslie Ronald Cant.

Bill SD-97, an Act for the relief of Cecile Desjardins Morin.

Bills read first time.

The Hon. the Acting Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Roebuck: With leave of the Senate, next sitting.

CANADIAN BROADCASTING CORPORATION

NEWS COMMENTATORS—INQUIRY AND ANSWER

Hon. Gunnar S. Thorvaldson inquired of the Government, pursuant to notice:

1. Who were the commentators employed to broadcast on "Capital Report" from Ottawa on Sunday afternoons during 1958, and on how many Sundays did each commentator broadcast?

2. Who were the panelists employed on the TV program "Press Conference" during the same year, and on how many occasions did each one appear?

3. The names of all commentators who during the year 1958 were employed to broadcast the Preview Commentary after the 8 a.m. news each day and on how many occasions did each one broadcast?

4. The names of all commentators who during the year 1958 were employed to broadcast brief comments after the 10 p.m. or other news programs, and on how many occasions did each one broadcast?

5. What is the scale of fees for each performance normally paid to each person who

(a) broadcasts from Ottawa on "Capital Report" or

(b) serves as chairman or a member of the panel on TV "Press Conference", or

(c) broadcasts the Preview Commentary after the 8 a.m. news, or

(d) broadcasts brief news comments after the 10 p.m. or other news programs?

6. What was the total amount paid by the C.B.C. during 1958 to each of the persons referred to in paragraphs 1 to 4 above for their performances on all programs of the C.B.C. including the International Service?

Hon. Mr. Aseltine: Honourable senators, I have an answer to the honourable gentleman's questions. As the answer consists of six or seven pages of typewritten matter I would suggest that it be printed as an appendix to today's *Hansard*.

Hon. Senators: Agreed.

See Appendix to today's Hansard, *pp. 198-200.*

ADDRESS BY DR. W. KAYE LAMB

COPY OF TEXT TABLED

Hon. Jean-François Pouliot moved, pursuant to notice:

For a copy of the text of the address delivered by Dr. W. Kaye Lamb, Dominion Archivist and National Librarian and Vice-Chairman *ex officio* of the Public Records Committee for the destruction of official documents, in which he was reported to have said at a meeting of the Canadian Historical Society, held at Edmonton on or about June 7th ult., that existing biographies of Canadians could be counted on the fingers of one hand.

Hon. Mr. Aseltine: Honourable senators, I have the presidential address of Dr. W. Kaye Lamb as requested by the honourable senator from De la Durantaye (Hon. Mr. Pouliot), and I beg leave to lay it on the Table. I also have a copy of the address for the honourable senator, which will be delivered to him immediately.

Hon. Mr. Pouliot: I thank the honourable Leader of the Government (Hon. Mr. Aseltine) and I will ask him to convey my thanks to the minister concerned.

Hon. Mr. Aseltine: I will do that.

Hon. Mr. Macdonald: Who is the minister?

Hon. Mr. Aseltine: The Minister of Citizenship and Immigration.

Hon. Mr. Pouliot: The minister is a lady, the Honourable Ellen Fairclough. This is a great step for parliamentary control over expenditure. I will explain it on another occasion. I want to curb the powerful, not the weak.

PRIVATE BILLS

BOILER INSPECTION AND INSURANCE COMPANY OF CANADA—THIRD READING

Hon. Mr. Aseltine, for Hon. Mr. Brunt, moved the third reading of Bill S-8, respecting The Boiler Inspection and Insurance Company of Canada.

Motion agreed to and bill read third time and passed.

BALOISE FIRE INSURANCE COMPANY OF CANADA—THIRD READING

Hon. Sydney J. Smith moved the third reading of Bill S-10, respecting Baloise Fire Insurance Company of Canada.

Hon. William M. Wall: Honourable senators, before the bill is given third reading, and with great respect to all concerned, I feel that I must make a few observations.

As I understand it, the main purpose of the bill is to give statutory validation to a change in the company's name, as the name Baloise Fire Insurance Company of Canada conflicts with the name Baloise Marine Insurance Company, or something like that. There is therefore no criticism of the reason impelling the change.

I have some difficulty in reconciling myself, however, to the proposed new name that has been chosen, and it is to this aspect I wish to draw the attention of honourable senators. The name "Elite" is stated to have been chosen to conform with the so-called élite plan of financing being carried on by the parent company, which has bought out the Baloise Fire Insurance Company of Canada. I understand that the main business of this parent company, whose name is not "Elite", is apparently automobile purchase financing. I do not know whether the term "élite" as applied to automobile financing has any other significant relative merit but that of its publicity and salesmanship connotations. Nor can I tell whether this assessment may also apply to the kind of insurance which will be issued by this newly-named company.

I recognize that the Parliament of Canada cannot exercise what may be termed discriminatory or censorship functions in the field of company names being freely chosen by those who are applying for statutory validation to such names, but I hasten to add that it also does not seem to me to be the duty of Parliament to give statutory confirmation to names which have rather unique and special connotation, and I regret sincerely that we are being called upon to do so.

This point I shall not pursue any further, except to point out that I concur in the mild criticism of the Superintendent of Insurance, that a happier choice of name could have been made by those who are requesting the passing of this legislation.

I regret sincerely, honourable senators, that I feel obligated to voice my dissent in this form.

Hon. Sydney J. Smith: Honourable senators, as sponsor of the bill I feel called upon to comment on the remarks of the honourable senator who has just spoken.

It will be noted that the Standing Committee on Miscellaneous Private Bills went into this bill very thoroughly. It listened to evidence from the Superintendent of Insurance, who did point out that there might be some criticism of this proposed name, on the ground that he personally did not like superlatives used in the names of companies, but he registered no objection to it and the bill was reported without amendment. I do not think it is fit and proper for us to consider an amendment of that report on the grounds just outlined. The people who have applied for this change of name are a finance company which discounts time sales paper, and in connection with that they have an insurance service to protect the interests of the dealer and others involved. It was made clear that the principals in this case did not insist on insurance being placed in this company but they purchased the insurance company and operate it for the added service it can render in connection with this business, which is a highly competitive one.

There are many national companies in the discount field that operate wholly-owned or controlled insurance companies in order to be in a position to render insurance service within their own organization. This company, like many companies in the finance business have a registered name which they use in referring to their plan, which they call the "Elite" Plan. Other competing companies have what they call the "Merit" Plan, and so on. They desire to use the name "Elite" for their insurance company so it will tie in with their advertising and the registered name of the plan they are selling.

I think it would come close to trespassing on personal freedom and privilege of a free enterprise competitive business to tell these people that they cannot use a name which they of their own choosing submit. I do not think it is for us to criticize them for having chosen that name. I might not choose that name if I were in that business, but if the name hurts anybody it hurts them. If they chose to call themselves The Mickey Mouse Company I do not think we should quarrel with them about it. So I submit, honourable senators, we should not trespass on the freedom of these people by objecting to the proposed change of name, in the light of the fact that the bill has been passed without amendment by the committee.

Hon. Arthur W. Roebuck: Honourable senators, I was not at the meeting of the committee and I know very little about the circumstances of this company, but I must say I differ with my honourable friend who has just spoken when he says that we ought not interfere with the choice of name by a private company. These people are applicants for permission to use a certain name, and they come here as suppliants, not as masters. It is for us to decide whether or not we should give them the right to use that name. There is a rule I think, of practice only, with regard to names. We refuse to allow companies to monopolize ordinary words in the

English language. For instance, a company cannot take some well-known adjective and make a name of it, thus getting a proprietary interest in the word. Now, the word "Elite" is open to some objection, but personally I do not think it is open to enough objection for us to refuse permission for use of that word by this company. However, I repeat that we have a perfect right to refuse or grant the company's request.

Motion agreed to and bill read third time and passed.

NORTH AMERICAN ACCIDENT INSURANCE COMPANY—THIRD READING

Hon. A. K. Hugessen moved the third reading of Bill S-9, an act respecting North American Accident Insurance Company.

Hon. Mr. Roebuck: Did the Superintendent of Insurance approve this bill?

Hon. Mr. Hugessen: Not only did the Superintendent of Insurance approve it, but it has been approved by all the other companies having names in any way similar to this company's new name.

Motion agreed to and bill read third time and passed.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

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

Hon. F. Elsie Inman: Honourable senators, allow me to take this opportunity to congratulate the honourable senator from Lumsden, (Hon. Mr. Pearson), mover of the Address in reply to the Speech from the Throne, and the honourable senator from Ottawa East (Hon. Mr. Choquette), the seconder, upon the very excellent speeches delivered by them.

It is a pleasure to extend a sincere welcome to the three recently summoned senators and to wish them many years of usefulness and happiness as members of the Senate of Canada. We are also glad to see the honourable senior senator from Winnipeg (Hon. Mr. Haig) back with us.

At this time I would also pay tribute to the memory of those senators who answered the summons to a greater reward and extend deep sympathy to their bereaved loved ones.

Also I wish to express our national concern and sympathy for the town of Springhill, Nova Scotia. Its citizens seem to have had more than their share of trouble and sorrow in recent years.

Almost ninety-five years ago a group of representative public men met in Charlottetown, Prince Edward Island, in an historic conference and discussed the opportunities for the development and growth of this great country. After a goodwill tour of the eastern and Atlantic areas these men went to Quebec for a further meeting and there laid the foundations for Confederation. That they did right the years have confirmed, for the country they dreamed of has become Canada, one of the world's great nations.

However, greatness in a nation or in any part of it can only flourish if the people realize and stress the need to overcome economic problems, and to exploit and profit by economic advantages.

There is in Canada an area called the Maritime provinces. To people from the larger provinces this area is often regarded as a collection of small provinces out of the way, down by the sea, when actually it is one of the major regions of Canada. The four Atlantic provinces together are three times the size of New England. These provinces are among the oldest in Canada. Their people were establishing homes and overcoming the hardships of pioneering, and at the same time building parliamentary institutions, when our newer provinces were still unchartered wildernesses. They helped bring the faiths and traditions of the Old Country to this land, and they sent their sons and daughters to help settle and develop the western and northern regions of Canada. The resourcefulness and initiative of Maritimers, as we call ourselves, have played a major role in all walks of Canadian life.

But with the expansion of Canada moving toward the central provinces and west, as the wheels of progress kept turning, the east, down by the sea, was left out of the picture. Its present position reminds me of the little boy who always inherited his brother's outgrown clothes. One day he asked his mother, in all seriousness: "Mother, will I have to marry John's widow when he dies?"

That past is now behind us, but the future lies ahead. This future we in the Atlantic provinces must study and prepare for.

The chief economic factor in Atlantic enterprises has been the difficulty of large-scale economic development. The provinces themselves individually are not large; the growing season is short; farms are small; many raw materials are readily available in small quantities but transportation is difficult. All these conditions have been obstacles in the development of the Atlantic area.

The ice age did not help any either. Newfoundland is mostly rock, with little soil; Prince Edward Island mostly soil, with little

rock. It put most of Nova Scotia's coal out under the sea where it is hard to get and, while New Brunswick is an extension of the Appalachian Highlands, it made the hills a little too low for cheap and efficient water-power development on a large scale. Then as a climax, so to speak, the ice age gouged out the St. Lawrence as a back door behind the Maritimes, so that the Atlantic provinces are not the gateway to the interior of Canada.

These peculiar geographic features, with their economic consequences, have also affected our political picture. Each province has its own parliament, with a full system of government, and all the obligations that go with it, because, so far, no good way has been evolved to have one seat of government for all of this area—unless we go back to the good old days when all a government did was govern.

However, these pioneer people overcame their political and economic difficulties, and by the mid-eighteen-hundreds had a thriving maritime economy based on shipbuilding and commerce which took the products of soil and sea all over the world. Indeed, Confederation did not appear too attractive to Maritimers when it was first mooted, as they were getting along so much better than the rest of Canada.

Now what has happened to this prosperity? Why did it go? What made it vanish from these provinces? The answer is of course that political and economic revolutions, coming at the same time, made it difficult to cope with the situation that these conditions created. Responsible government was established in 1840, and a few years later came Confederation, and both required a great deal of adjustment. Right about this period too the commercial world changed from the sailing ship to the steamship. And that change did not help the Atlantic provinces.

Now let us look at the other side of the picture. It is true that life soon teaches us that economic factors do not make up all of the standard of living. They are only a part. Happiness, a most important part of living, bears little relation to wealth; and if you stay awhile or live in the Atlantic provinces you soon realize this, for they have many advantages which make living there happy and worth while. Nature has given us vast expanses of beautiful country, beautiful beaches, fruitful fishing streams, lakes and rivers for boating and other sports. Here people can get to work and home again in a very short time; they can play golf or go fishing without having to drive many miles and contend with traffic jams and other annoyances of highway travel. Also all these things are less costly and more accessible than they are to those who live in big cities. I am reminded of a story of a small town newspaper editor being offered a position on the editorial staff of a large newspaper in New York. His answer was that he would much prefer to stay in his own little town. However, the big newspaper wanted him very badly and extended him a second invitation. Still he was adamant in his stand. Finally he said, "Where in New York can I go into my back yard and dig worms to go fishing?"

During the past decade the people in the Atlantic region of Canada have realized that something must be done, some means provided, to bring back prosperity to the Maritime provinces, which now include Newfoundland. Regional effort and co-operation would be a big factor in solving this problem. They have much in common, should work together as a team and speak together as one voice.

Realizing this, the Premiers of the four Atlantic provinces held a conference in Moncton in 1953 to discuss the possibilities of this region of Canada and decide what further steps might be taken to co-operate in matters of common concern. This meeting was historic because it was the first meeting of the four Atlantic Premiers since the famous Charlottetown Conference of 1864 when Confederation was considered. At that time, however, Newfoundland did not participate in the meeting.

A great deal of correspondence and discussion took place for several months after the Moncton Conference, and the whole movement came to a head with the setting up of the Atlantic Provinces Economic Council. In other words, "A.P.E.C." was born. It is a non-political, non-profit and voluntary association of industrial, business and professional organizations, and individuals whose purpose is to encourage the development of economic enterprises in this region.

The three main functions of the council are:

1. To survey and study the factors affecting the economic development of the Atlantic region.

2. To stimulate united action on matters of common concern, matters vital to the economic welfare of the Atlantic region, and matters of particular interest to the council.

3. To act as a co-ordinating body for all organizations, agencies or individuals interested in the general economic and social welfare of the Atlantic region, or in any province or part therein.

The council has set up committees on agriculture, power, tourism and trade. These

committees comprise persons well qualified to speak on these subjects and deal with the problems encountered.

In short, A.P.E.C., as a permanent institution, hopes to aid and assist in every way the people of the Atlantic provinces to develop their own resources and skills through co-operative effort. We want to help ourselves. With co-operation, enterprise and courage the four eastern provinces can, I feel assured, bring back the prosperity that they once enjoyed. Assistance will be required, but we should get to work ourselves. We should take more chances as regard business, industrial and regional development. If we are going to develop economically we must be willing to experiment.

We have excellent products but we experience some difficulty with the marketing angle. We should be selling our products all over Canada, instead of buying canned goods, fruits, et cetera from central Canada. There is no reason at all why our products, foods and other things, cannot get into most markets. Tariffs and transportation costs do not bother some industries in the eastern area. A brush company in Saint John sells nationally and internationally in competition with others in the same line of business. Stoves from Sackville are sold all across Canada, despite transportation costs and stiff competition. Shoes from Fredericton are in shoe stores in every Canadian city. The answer of course is initiative and leadership, and the production of a high quality article.

Another valuable asset that is being wasted in our land. There are 2,500 vacant farms in Prince Edward Island alone. I cannot give the figures for the other provinces, but no doubt they are high. This is indeed a deplorable situation. Agriculture is an industry upon which every other industry depends: as agriculture goes down so will our economy lag. What can be done about it?

Farming, as honourable senators know, is one of the major natural resources in three of our Atlantic provinces, and we must be sure that we do not neglect our responsibility to the rich productive soil that Providence has provided for us. Newfoundland is not, nor can it be, an agricultural province. It has other very valuable resources waiting to be developed.

There does not seem to be any good reason why a good living cannot be made from a farm and why all our vacant farm lands cannot be taken up again and used with profit. Farming means work but it is a good life. Methods of farming are changing and before many years the small farm units may be out of date and obsolete, but we hope the family farm will survive in a new and better form. One-fourth of a family's budget is spent on food, and this is a big slice. Much of this food, or at least a very good part of it, comes from farms. Some of the best men and women the world has ever produced have come from farms, and farms, if given a chance, will still provide us with men and women of this high type.

Our Governments must do something about providing financial assistance to young people wishing to go back on the farms, and supplying more credit, when necessary, to those already engaged in agriculture, in order to enable them to continue farming operations with improved methods. Our farmers do not receive as much support in the way of subsidies and deficiency payments as do those in the western provinces. Why? To those who live in the east, this is an interesting question. If the western provinces are as prosperous as was indicated in the newspaper reports read recently here by the honourable senator from Rosetown, the Leader of the Government in this chamber (Hon. Mr. Aseltine), why do those provinces receive so much financial assistance? That is my question number 2.

However, some means must be found to induce our young people to go back to the farms, and I believe the present Government will study this problem. There is a great difference between knowing what to do and knowing how to do it; so perhaps our army of economists can work out some plan. It may be, though, that we could do with fewer economists and more economizers in this country at the present time.

A farm is a good investment for anyone who is willing and able to work. A good wife is a big help also. One economic expert valued a good wife at $69,000 to a farmer.

Hon. Mr. Aseltine: How much are the others worth?

Hon. Mrs. Inman: We hope this is considered to be a gilt-edged investment. I do not want to set the amount so high as to discourage the bachelors.

Optimism tempered with realism is what we need down in the Maritime provinces, that beautiful corner of Canada whose shores are washed by the spume and spray of the ocean waves. We can dream, we can plan, but action is what talks. The plain truth is this: we can prosper only if we have co-operation among our provinces, in an all-out effort to regain what we have lost, perhaps through attempting to gain as individual provinces.

It is of no use for a group of people such as A.P.E.C. or similar groups to organize and put over a few good publicity stunts and then

sit back and wait for a miracle to happen, because the whole effort will be lost. Miracles, so far as dollars are concerned, seldom happen in this day and age, except perhaps in oil and we in the Maritimes do not have oil resources. It takes unanimity, co-operation, and a sincere desire to help each other. A good economy can be effected only by the determination to achieve the goal desired, the development of our resources in this Atlantic region.

Where do we go from here? There is no easy solution, but I would suggest that an excellent place to start any program of profitable value would be to develop those industries best suited to the areas. I can think of no subject more deserving of attention in the Atlantic provinces at this time, for the benefit of the people and the economy of this area, than the tourist industry.

As honourable senators are aware, today there is quite a different attitude toward tourism than existed in earlier days, when fewer people were in the business and fewer tourists came to Canada. The travel pattern also is changing, as everything is changing. Forty years ago it required only 100 horsepower to keep a plane in the air. Today it takes 250 horsepower to carry a 110-pound woman to the grocery store. The question now arises, how far and how fast can we go in the development of our tourist potentialities? History has dealt harshly with doubters, but progress must be demonstrated. Thought is the pioneer and the awakening that spells progress need not be painful. There is no law that requires invention to be nine-tenths perspiration and one-tenth inspiration. Great discoveries and inventions have only needed recognition and the use of unsuspected powers and possibilities. Who wants to put a limit to the possibilities of the Maritimes as a tourist Eden?

"What man can imagine man can do" is an old saying; and it is imperative that the Atlantic provinces get on with the job or we shall be on the moon or at least Mars before any tangible results will be forthcoming. Let us not get too involved with committees, commissions and briefs which take up a lot of valuable time and often defeat their purposes, cause delays, and finally disintegrate or get interred somewhere where their graves cannot be located.

We have come to know tourism as an industry, and a valuable one, for the Maritimes. It came unwanted, perhaps, in the earlier days. The tourists came to us first and have continued to arrive in ever-increasing numbers. With Maritime people the responsibility for the welfare of a guest is deeply indoctrinated early in life, and always seriously accepted. We have slowly—too slowly—learned that our greatest tourist attractions have been the sight of a simple, wholesome way of life, where people have a deep understanding of fundamental values and virtues, where they can smile without laughing, work without toiling, serve without servility, respect without revering; be a little bit dishonest without being corrupt, pious without being too sanctimonious, and profane, when necessary, without repetition.

This, then, is the Maritime provinces. These people know the meaning of loyalty, the importance of obedience, the shame of anger, and the greatness of forgiveness.

"Tourism" is the name of the industry whereby the man who came to dinner willingly became a paying guest. He finds, in sharing the Maritime way of life, an experience satisfying an inner yearning, and he enjoys also, of course, an endless variety of culinary excellence. Each and every community in these provinces has something, if it is looked for and developed, that is different and appealing to tourists. Those special attractions must be concentrated upon and well advertised. Many people do not see or realize just what is around this corner of Canada, and they must be educated to know and appreciate the value of this hospitality business as practised in the Maritimes.

Tourism is becoming for us an important industry, but here, as elsewhere in Canada, we are only at its beginnings. With proper management and good advertising it can be made to increase by leaps and bounds. Many of our visitors to the Maritimes come from the United States. We wish also to encourage travel in Canada by Canadians, for it is good for us to get to know each other.

One matter which should be carefully looked into and considered is the entry procedure on the border between the United States and Canada. Some action should be taken by our Government concerning the method of examining visitors coming, as they say, "across the line". We ask them to visit us as paying guests, but when they come to enter we put them through delays and sometimes subject them to indignities. I do not think this happens often, but it does happen, and those isolated cases are bad advertising and do a great deal of harm. Some way must be found to better our border relations.

Every province, every community in the country, is greatly excited and exhilarated if a manufacturing concern large or small announces it will locate in its area. That is good. Industry should be welcomed and encouraged. Industrialists are wined and dined, often given tax concessions; it is big news. But remember, attracting tourists—or paying guests, as they used to be called—is also big business and demands our close

attention. It also is an industry. It asks for no special concessions. It costs the community little, but it brings in a large income and the buyers come right to the door to spend their money. It is a business that involves no freight rates and no tariffs. If any community can attract twelve visitors a day —a day, mind you—it amounts to the equivalent of establishing a manufacturing plant with a hundred thousand dollars annual payroll. That is a lot of money. At least, in our province of Prince Edward Island it seems a goodly sum. So let us be opportunists. We have the resources to make this a great vacation land, second to none.

Here I wish to pay tribute to Mr. John Fisher, Executive Director of the Canadian Tourist Association, for his untiring energy and interest in the promotion of tourism in Canada. He has done a wonderful job.

You know, an opportunist is a man who, finding himself in hot water, decides he needs a bath anyway. That is exactly our position in the Maritimes today. We have been in hot water as far as development of our resources is concerned, and now the time has arrived when we must make use of all our resources to better ourselves and bring back what we have lost. We must offer attractive information to induce people to come. We realize too that nothing is free. We must have help, certainly, and here I would ask the Government to give every consideration possible to the Atlantic provinces, but we must stand on our own feet too.

The Atlantic provinces are famous for many things, and each province, as I have already said, has its own particular appeal and charm, but all have the common background of the sea. To many this is a super attraction. Each province has its own type of scenery, but all are beautiful. Here are found magnificent beaches with splendid swimming and bathing facilities, and fishing, boating, hunting and a delightful summer climate. And over all is an old-world atmosphere and old-world traditions which appeal so strongly to tourists and visitors.

Tourism and agriculture are closely related. If we can increase the volume of our tourist industry, then our farmers will prosper accordingly. Visitors must be fed, and more of our farm crops could be used at home with satisfaction to the producer and consumer. It could be that by using more of their products in this way the Atlantic provinces would get rid of some of the tariff and freight-rate headaches which seem to be so prevalent these days.

And now, honourable senators, before concluding I wish to make a few special remarks in regard to matters affecting my native province, Prince Edward Island. We are small and insular and we have some problems that pertain solely to this smallest province of Canada. One of the biggest problems we have to contend with is transportation. By the terms of Confederation we were promised continuous communication to and from the mainland. But through the years that clause in the document seems to have lost its potency. I will not say we have been the forgotten corner of Canada, for we refuse to be forgotten, but certainly we have been brushed aside in respect to transportation. And that annoys us greatly. Apart from the increased freight rates which affect our food and commodity prices so much, there have been recent increases on ferry rates, trucks, automobiles, and also on passenger tickets. This is much to be deplored. When the previous Government was in power we had decreases in these rates, and I would suggest that the present Government might look into this with the view to having the increases rescinded, if possible. We need to encourage traffic to us instead of making transportation to and from the island more difficult.

The Canadian National Railway does not seem to think that it owes Prince Edward Island any consideration with regard to passenger traffic. For the past several years we had a pullman service to and from Montreal and Charlottetown. This was a much-needed improvement over the old system with all the changes—getting on the train, off the train and on the train again—and was a convenience to travellers. One could get into the pullman at Charlottetown and not have to change until reaching Montreal. True, this pullman was not one of the more modern types, but the porters gave good service and the trip could be made in comfort. This past year that accommodation has been discontinued. Now we sit in a coach car from Charlottetown to Moncton, arriving there about three hours before the Ocean Limited from Halifax brings along the pullman. As many honourable senators know, the C.N.R. station at Moncton is not the most comfortable place in the world to wait three hours. The benches are hard; it is dark and grimy looking and a most uninviting place to spend an afternoon. It is difficult to find a good reason for this discrimination in taking the pullman from this area, especially in the winter.

The need for a new icebreaker is immediate and very necessary. Our present ferry services are inadequate and have been so for several years, but the fire on the *Prince Edward Island* last year, along with lay-ups

for repairs to the *Abegweit*, greatly aggravated the transportation problem. We need a third ferry boat very badly. This need not be a boat of the same palatial type as the *Abegweit*, for the crossing is only nine or ten miles and takes from three-quarters of an hour to one hour. It does not even have to be a train ferry, but the need for a large truck and automobile ferry is immediate and we hope and look for improved transportation services for next summer. I have stressed this need each time I have spoken here and the need is still evident.

Some day we may have a causeway. I sincerely hope so, but that will not come for a long time, at least for several years or more. Ice conditions have to be closely studied. Ice-tides and winds will constitute a difficult problem in the construction of a causeway. This winter the *Abegweit* is fighting the most strenuous ice conditions for many years on the crossing between Borden in Prince Edward Island and Tormentine in New Brunswick. It is fighting through "pan ice" in the strait up to 11 feet in thickness. In March and April conditions could well get worse, when ice from the Gulf of St. Lawrence is driven into the strait by strong winds and tides. We should not suffer transportation inadequacies while waiting for a causeway to be built.

Tourism is becoming to Prince Edward Island what wheat has been to the west, one of its biggest industries. In fact, tourism ranks second. The province is becoming famous as a summer playground. Even a United States weather machine dropped down on one of the farms and stayed there. It was picked up by a farmer on one of his fields in the Cape Traverse area. There are incomparable resources in scenery, historic attractions and recreational facilities in this sea-girt, sun-kissed island. To those who like to spend their holidays in restful, quiet surroundings, undisturbed by the rush and roar of the big resorts, Prince Edward Island has peculiar charms. Its cultivated farms and the rolling sea that breaks upon its long reaches of magnificent beaches offer abundant enjoyment to visitors in summer. Here you can congregate with crowds or you can, if you wish, have twenty miles of perfect beach to yourself. Where can you duplicate this?

We also have many historic sites, since our history is old. Our historic society, in co-operation with the provincial and federal Governments, is having those sites marked and developed. In Montague, my home town, a provincial museum was opened last year by His Excellency, the Governor General, and here can be viewed many items of interest pertaining to the life and development of the Island.

At Cape Wolfe there is a large rock, and legend has it that General Wolfe stopped to eat his breakfast here one morning on the way to Quebec. Perhaps he had fresh lobsters.

Our Government House is always a tourist attraction, and our Lieutenant-Governors have been most gracious in allowing parties to look over the grounds and residences. The provincial building, with its stone floor hollowed out by many footsteps over the last hundred years, receives thousands of guests each summer who visit the Confederation Chamber. Green Gables is internationally known and needs no introduction. These are only a few of our historical sites; there are many others.

We have our ghosts too. I saw them when I was young. Of course, my imagination has faded over the years and now the ghosts do not impress me so much.

We must utilize our hisory. More should be done to develop our historic sites, for this little island is an historical shrine. Here Canada was born, and here, too, prohibition was fathered. This was the first place in the world to prohibit the public sale of liquor. We also prohibited automobiles for some years. Islanders are firm in their convictions.

The economy of Prince Edward Island is dependant largely on agriculture, tourism and fishing, in the order in which I have named them. We have very little in the way of other industries, although it is the dream of our people that some industries may be established that would provide employment and revenue for our citizens.

Potatoes are the big crop in this eastern province, since the soil and climate seem to be particularly adapted for this purpose. There is usually a surplus crop, and means should be found to utilize this. Tariffs and freight rates affect the marketing of potatoes to some extent. So if this surplus could be processed and used at home some of the potato growers problems would be solved. Starch factories would be a good thing; they would provide an outlet for some of the surplus, besides providing extra employment. Processing plants to convert lower grades and culls of potatoes into food for livestock could be useful. Potatoes are high in energy and very nutritious and produce excellent meat in dressed carcasses.

Prince Edward Island is famous for its sea foods—especially oysters and lobsters—as well as potatoes, and more processing plants for fish would help the economy of the province. Our farmers can grow small vegetables and fruits, such as peas, beans, tomatoes, berries, et cetera, to good advantage, and more canning plants should be established to take care of these crops.

Prince Edward Island, besides being small in area, is also small in population, so it is essential that government aid would have to be forthcoming to assist in getting these industries established and underway. And why not? Subsides and bonuses to aid industry are not new to any of our governments.

There are peat bogs on the Island, to what extent is unknown at the present time, but they could be explored and surveyed, with industrial requirement in mind. Dried peat is also an excellent fuel for fireplaces.

This province was the cradle of fur farming. Fox fur is coming into its own again, and mink is always in demand. These two high-priced furs can be produced very successfully in Prince Edward Island. Fur farming should be encouraged, and there is no good reason why pelts could not be processed and made up into garments in the province where they are produced.

Perhaps in Prince Edward Island we do not climb to the heights, nor do we sink to the depths. We ride—to speak in the parlance of the sea—on an even keel. We enjoy the simple pleasures of life and do not live too dangerously. This perhaps is the reason why we have so many centenarians. The story is told of a curious tourist inquiring of one of these very elderly citizens, who was sunning himself in front of a general store, "Just how old are you?" The old man said he was just 100. The tourist said, "Well, you will not likely see another 100." To which the centenarian replied dryly: "I ain't so sure about that. I'm stronger now than I was when I started the first 100."

The honurable senator from Rosetown, the Leader of the Government in the Senate (Hon. Mr. Aseltine), has very graciously extended an invitation to all honourable senators to visit Saskatchewan. I wish to follow his example and invite all or any honourable senators to come to Prince Edward Island. We will not be able to show you tremendous areas of waving, golden wheat, but we can show you, in the months of July and August, large fields of dark green potato plants, topped with pink and mauve blossoms. And that, honourable senators, is a very beautiful sight, I assure you. Our province is not called "Spud Island" for nothing. Sometimes our potatoes may be a bit short in weight. According to some newspaper reports this is due to water loss and shrinkage, but we are never down in quality.

We will show you beautiful scenery and the best to be had in hospitality. In short, we will show you a land where the grass is greener, the soil is redder, the water warmer, than any to be found elsewhere in Canada.

Hon. Donald Cameron: Honourable senators, in taking part in this debate on the Address in reply to the Speech from the Throne, may I add my felicitations to those who have already spoken. I also would like to congratulate the newly summoned members of the Senate, and say how particularly pleasant it is to see my home-town colleague from Edmonton (Hon. Mr. Buchanan) sitting opposite me.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Cameron: It may not be inappropriate at this time, when the debate on the Address offers considerable latitude in subject-matter, to discuss briefly the subjects of education and government. Education and government in a democratic society are two sides of the same coin. Good government depends on good education, and good education depends on enlightened government. In fact, it can be argued that the first steps in the development of modern democracy were taken when the people established the public schools to do for all of the people what no other agency could do. Thus, in the first instance, we delegated to the public schools the responsibility for teaching our children how to fit into contemporary society, how to make a living for themselves and finally how to govern themselves.

The election of free parliaments is, in simple terms, simply a continuation of the voluntary process of delegating to some of our peers the responsibility of governing in the best interests of all of us. In the one hundred years of the *Pax Britannica*, from 1813 to 1914, government was a relatively simple thing. It did not involve directly the lives of the vast majority, and the governing was done in most instances through the agency of an elite aristocracy who legislated for the many, sometimes wisely, sometimes ill, but in the main with a certain sense of responsibility. At the very heart and centre of the advance in democratic thinking were the British Empire and the British Parliament —"the Mother of free institutions".

To those who can remember back to the summer of 1914 it must appear as remote as another age. As a matter of fact, it was. World War I marked the end of an era. It not only marked the end of the Austro-Hungarian and German empires, but the beginning of the decline of the British Empire as well. World War II and its aftermath, as well as accelerating the decline of influence and power of the British Empire, brought about the rise of new giants in Russia, China, India, and the United States of America. Parallel to these upheavals has come the annihilation of time and space through modern transport and communications.

Gone with the empires of yesteryear are the old aristocratic feudal forms of government. The power and the responsibility for making the decisions which determine peace or war, depression or prosperity now rest in the hands of millions of enfranchised people who by their ballots determine the kind of governments we shall have and give to those governments a mandate to legislate in a complicated maze of conflicting national and international interests. In the years since 1872, when Britain first introduced universal suffrage, we have made it our boast that prince and pauper were equal at the ballot box. And no one would have it otherwise.

In the gradual development of our democratic forms of government we have evolved a free society which, up until the present time, has given the people who follow and believe in that form of government the highest standard of living the world has ever seen—a standard far higher than that enjoyed by peoples who have remained under feudal or authoritarian conditions. The success of this form of free society, in the last 75 years in particular, has created in the minds of our peoples certain basic assumptions. Among these are: (1) that the democratic way of life is superior to any other; (2) that that superiority was proven in two world wars in the space of 25 years; (3) that the only serious challenge to the democratic way of life comes from something called communism.

These are complacent assumptions which can only be accepted in part today. Certainly the democratic way of life, with its emphasis on freedom and the rights of the individual, is the only assumption that offers hope in a world increasingly and rapidly succumbing to state authority. But saying this, or believing this alone, will not make it survive. If this assumption is to survive in the climate of today it must become a living, fighting conviction, not just on the part of a literate few, but on the part of all who have the right and the responsibility to use the franchise. And if there is one malaise in our society today that is more dangerous than any other it is the preoccupation with rights and the denial of responsibility, the overconcern with getting and the unconcern about giving.

In an excellent recent article in *Maclean's* magazine, Bruce Hutchison put our position rather well when he said:

> For the first time in our history "the paramountcy of the West has been lost, and in its familiar form can never be regained in our lifetime, if ever."

The Sputniks and the Luniks of the Russians and the colossal achievements of the Chinese in building the Ming Tomb Dam are but a symbol of the new challenge to our way of life. These achievements and the dedication and purpose of those peoples are but symbols of a new challenge. They are the outward manifestation of the secret weapon of the communist powers. That secret weapon is education—education spelled in capital letters a mile high for all the world to see. From almost a standing start the Russians have, through a concentrated and selective type of education, accomplished the same industrial revolution in forty years that took us one hundred. To say that they had the advantage of our experience and technology does not detract from their achievement. More significant still is the estimate that the Chinese will do in twenty-five years, and possibly in fifteen, what the Russians did in forty.

Coupled with the rapidly developing technological achievement of these people is the tremendous impact of population. Every hour of the day, seven days a week, 1,500 to 1,600 little Chinese are born. There are already 650 million Chinese. There are at present 220 million Russians. And while it is true that the people of India, Pakistan and Indonesia are as yet uncommitted, they represent an additional 571 million which could easily fall into the communist orbit. If those 571 million people, through some mischance, were to go over to the communist side, it would mean that we would have 1,441 million people allied against our approximately 500 million. In short, we would be outnumbered in the days of the future by at least three to one.

The Chinese, the Indians and all the others, like the Russians, are using education as their secret weapon, and we Canadians would be less than realistic if we did not do something about it.

I am one of those optimists who believe that the suicide of another World War will be averted. Why should these powers risk the holocaust of another World War in which there could be no winners when, through a highly selective and concentrated program of education, they can increase their productive power many times over and flood world markets with goods at a price so much lower than ours that we could not begin to compete with them?

Make no mistake about it, what the Russians have done, through education, in developing and improving their national production, has made more of an impact on the nations of Asia and Africa than all the propaganda that has ever been turned out. What the Russians have done and what the Chinese are now doing has given the people of the so-called underdeveloped countries new hope and confidence that they too can accomplish these ends. People who fail

to realize this are failing to grasp one of the fundamental facts of our present-day life.

Fortunately, there are signs in nearly all Western countries of what Mr. Dulles in another context referred to as "an agonizing reappraisal" of our educational systems, and that reappraisal is a critical examination of the educational systems of the Western world. Honourable senators will recall that in the United States somewhat over a year ago President Eisenhower called what is known as the President's Conference on education at the White House. You will recall too that just one year ago in the city of Ottawa there was held for the first time in Canada a National Conference on Education.

Going back to the year 1945, the Province of Ontario appointed the Hope Commission on Education, the first of a series of provincial royal commissions. That commission spent five years and brought out what is known as the Hope Report, a document of 943 pages, which reviewed the history of the public schools in Canada from the very beginning to the present day. That report is a vast compendium of information on Canadian education, although its main concern was with the special problems of education in Ontario. The Province of Nova Scotia conducted a much more modest inquiry in 1954. In 1957 the Province of Manitoba appointed a Royal Commission to report upon education in that province. In December 1957 the Province of Alberta appointed a Royal Commission on Education, and it is my privilege to be Chairman of that commission. In February 1958 the Province of British Columbia also appointed a Royal Commission on Education. It will be seen, therefore, that at the present time in Canada there are three provincial royal commissions on education studying the problems of education in Western Canada in particular. In addition to that, the continuing committee of the National Conference on Education is engaged in the process of setting up provincial committees to carry on as a continuous program the study of education on a Canada-wide basis.

Business and industry too have pooled their resources and have set up the Industrial Foundation on Education, and this agency has been delving into a number of educational problems in a very practical way, particularly as they apply to business.

In Great Britain, while they have not gone so far as to appoint a royal commission to study education, the Ministry of Education in that country is presently engaged in a searching re-examination of the whole educational program. Thus it can be said that today in the whole Anglo-Saxon world the people are engaged in a searching examination of our current needs and assessing just how we are meeting the requirements for today and tomorrow.

So much for the general picture.

It may be interesting if I pass on to you a brief summary of what Alberta people are telling our commission is wrong with education in that part of Canada. I understand from my colleagues in British Columbia and Manitoba that the people there are telling them the same things. And I expect that the people in eastern Canada have a similar story to tell today. The Alberta, British Columbia and Manitoba commissioners have had a number of joint sessions to compare notes. As a matter of fact, I am going out to Alberta next week for another joint session with these commissions. I suggest that the findings of these commissions will apply in some degree to eastern Canada also.

Our commission held public hearings in 23 centres in Alberta. We received 186 briefs and 35 private submissions. I say "briefs", but that is a misnomer, because many of them ran to more than 200 pages of typewritten copy. I think we have received more than 5,000 individual recommendations as to what is wrong with education and what should be done about it. The encouraging thing to me is that hundreds of people, members of home and school groups, members of school boards, chambers of commerce, manufacturers, associations, university faculties and teachers' associations have spent hundreds of hours in examining their school system as never before. This is healthy and good.

Here may I say that when you ask a person today what he considers to be the aims of education, too often he will express himself in vague, philosophical terms that do not mean much. In this respect I think the Americans have been smarter than we we have been, in talking as they do about the "tasks of the public schools". My impression has been that when you ask people what they consider to be the tasks of their public schools, you will get a much clearer answer than you will when you ask what should be the aims of education.

It would not be appropriate for me to anticipate at this time what the recommendations of my own or the other commissions will be, but I hope that when the reports are written they will be interesting and adequate to the needs of our time. I think, however, without committing a breach of propriety, I can give you a sample of the things people have been saying to us in our public hearings.

First, they have said that in the elementary school there does not seem to be too much

wrong that more, better trained, teachers and more drill in the fundamentals would not cure.

Second, that the junior high school—that is grades VII, VIII and IX— represents one of the most critical and criticized areas in our school system. Between 40 and 60 per cent of the school population leave school with an educational standing of less than grade X. This means that the only school experience the great majority of people in non-professional and unskilled occupations have is what they have received in grades VI, VII, VIII or IX, a pretty inadequate base for an efficient democratic society.

Third, businessmen in commenting on the deficiencies of this group were almost unanimously of the opinion that students are deficient in the communicative skills of reading, writing, speaking and understanding. They are also deficient in their ability to use numbers or computing skills.

Fourth, it has been stressed that more attention must be paid to the development of proper attitudes with respect to responsibility, tidiness, punctuality, and a greater sense of mental and physical self-discipline. Too many of the products of our schools today have no pride of workmanship nor sense of responsibility in giving an honest day's work for an honest day's pay.

Fifth, in the high school program more emphasis must be placed on the communicative skills—on English, mathematics, history, geography and on the teaching of Latin and French. In the latter field we in our part of the world are doing a lamentably poor job.

Sixth, the areas most frequently under criticism were the present subjects of health and personal development, and social studies. There was repeated emphasis on the importance of teaching history and geography as separate subjects and in sequential order.

Seventh, there were strong demands for the institution of some form of external testing of students at the grades X and XI levels. I don't know how true it is in the other provinces, but in Alberta we have examinations in grades IX and XII, and the slaughter at grade XII is terrific. I think honourable senators can remember back to their own school days when, if you were taking two subjects, in one of which there was an examination and in the other there was not, it did not take much deduction to realize which subject would get the more attention—obviously, the one in which there was some form of testing.

Eighth, there were strong representations that gifted students should be given more attention, challenge and opportunity, either through enriched programs of study, acceleration, or a combination of both.

In criticizing education to responsible officials, I have had this answer given to me: "Isn't this a democracy?" You say that it is. Then an official will point out that if only 15 per cent of our school population is going to complete a high school program and go to university—actually the percentage is lower than that—then our main concern must be with the 85 per cent, because they are the majority. My reply to that observation, and I am sure it would be yours too, is that one of the fundamental principles of democracy is to preserve the rights of the minority.

Hon. Mr. Reid: Would the honourable senator allow me a question?

Hon. Mr. Cameron: Yes.

Hon. Mr. Reid: Have the conventions that you have attended ever had brought before them the question of the advisability or otherwise of taking the time of a student in school to teach him to drive a car? This in my view does not come under education at all.

Hon. Mr. Cameron: I may say to my honourable friend that that suggestion has been made, and, I am sorry to say, seriously, by a number of groups who appeared before us, but the suggestion did not receive very warm reception from the commission. While I would be out of order in saying what stand we will take in that respect, I can say I do not think you need worry too much about the subject being included in school time.

Ninth, representations were made that it was essential that greater efforts be made to decrease the high drop-out rate in the lower grades of school and to encourage more students to proceed to matriculation.

Tenth, there was also a demand that we establish some yardstick other than matriculation as the basic requirement for employment. Some businessmen admitted that they required matriculation standing for their truck drivers, because they did not want to take anybody into their organization who was not capable of being moved up in the organization. Strangely, we had this kind of representation made to us by one of the large employing companies in Alberta.

Eleventh, it was pointed out to us that there seemed to be need to give the high school-leaving diploma more status in the business world and to make known exactly what it stands for. In that case those companies which were requiring matriculant

students for truck drivers would not necessarily do so and might accept another school-leaving diploma.

Twelfth, it was argued that the greatest single problem in education in our part of the world, and I suspect in other parts, is that of attracting to and retaining in the teaching profession more and better qualified teachers. There seemed to be general agreement that where adequately trained teachers were operating in the schools the method of teaching was not so important. A good teacher could get excellent results with the enterprise system or any other system, but with less well trained and less experienced teachers a more prescriptive method of teaching and a more prescriptive course content may be desirable.

Thirteenth, in the realm of school organization and administration, the "little old red school house" of nostalgic memory to many has almost disappeared and the centralized school has come in its stead. The centralized school has made it possible for more students in the rural areas to obtain a higher standard of education and one more comparable to that obtained in the city schools. If we remember that when the boys and girls born on the farm in Canada today go into the employment market, 20 years from now, four out of five of them will have to find their work in cities or towns, we realize it is absolutely necessary that the young people of the rural areas have equal educational opportunities with those of the cities and towns.

However, in those areas where centralized schools are in operation the problem of vanning the students long distances—in some cases 25, 40 and even up to 70 miles a day—has given some concern on the grounds of its effect on the health of the children and the high cost of this phase of school operation. Strangely enough, when parents were asked what their choice would be between the alternatives, first, of vanning their children long distances to school while they lived at home, even though they might receive an inferior education; secondly, of sending them away to live in a school dormitory and return home each week-end, and, thirdly, of sending them away to board in a large centre while attending a high school where they would obtain a first-class education, the choice was almost unanimous in favour of keeping the children at home and receiving an inferior education. It is possible to understand the emotional feeling in this case, but our people must face the fact that if we are going to be fair to the young boys and girls who are growing up in the rural areas today, and who must find their occupational outlets in urban surroundings in the years to come, they must have the same opportunities of education as those in our city schools.

As might be expected, wherever the commission went there was an insistent demand for more and better-trained teachers. A careful study of the 9,600 teachers in Alberta schools in 1958 revealed that 50 per cent had only one year or less of professional training, and 3.9 per cent had less than one year.

In looking for the reasons why these teachers have not had more professional training, why the teaching profession has not been able to attract and to retain more people of higher qualifications, an examination of the financial situation may, in part, show the reason. According to a survey made in Alberta in 1957-58 the median salary for Alberta teachers was $3,679. Only 53 enjoyed salaries in excess of $8,000. The largest number, 3,800, were in the $3,100 to $4,000 per year bracket. Looking at it another way, and comparing the average earnings of the Canadian labour force and the average salaries of Alberta teachers in the 30-year period 1926-1956, in dollars of 1956 value, the average earnings of the Canadian labour force in 1956 were $3,260, while the average teacher's salary in that year was $3,270, just $10 more. However, in all the 30 years before 1956 teachers' salaries averaged from $200 to $300 per year lower than the average earnings per year of the Canadian labour force. These figures speak for themselves, and, I think, supply one of the reasons why more and better-trained people have not been attracted to the profession.

I am not going to say any more about education at this time. I started out to discuss education in relation to government. I have presented these ideas as a sample and a fair expression of the views of hundreds of people in my own province, and I believe they reflect the opinions of people in some of the other provinces as well. I do not agree that the primary challenge to our way of life today comes from communism, or anything like it. Certainly it is there. But our most serious menace, in my view at least, comes from within. It results from the unwillingness of the people and the politicians to face the major issues. Our people, like the little boy at the candy bar, have got in the habit of asking for more and more, and our politicians, of all political faiths, have been competing with each other in bidding higher and higher. This competition in bidding for votes, this unwillingness to face the facts, must inevitably have one of two consequences: either a colossal financial crisis or the evolution of some new form of financial management—and to this last I have no objection, provided

it can be worked out on a sound basis. If anyone has doubts about the direction in which we are going, let him examine what has been happening in the United States during the last 10 years—a time of unprecedented prosperity, and yet a time of unprecedented budgetary deficits. Deficits are not unknown in Canada, and we may be facing deficits for a period of time. Of course no one wants to abdicate the responsibility of making provision for people who are without employment, even though it results in deficits. But I suggest to you, honourable senators, that we have to look carefully where we are going, and that one of the qualities which governments must develop to a greater extent than they have been doing in recent years is the faculty to say "No" to appeals by narrow sectional interests, to say "No" to the strongly-organized groups which are ever present and pressing for particular concessions.

No government at any level can function effectively if the majority of the people who put it in power have less than a grade 9 education, nor even if a substantial percentage of those who exercise their responsibilities at the polls have lower than a grade 10 education. In today's world, government is one of the most complex and difficult tasks that can be discharged by any group of individuals. Unless the people who elect governments have some realization of the needs and responsibilities of citizenship, they cannot make the kind of decisions which are an inherent obligation of a free society. Those who leave school at grade 8 or 9 or less, at 15 years of age, have had little formal instruction in citizenship. We must provide more opportunity for this large section of our population to continue training at a later time, or face the unpleasant truth that Abraham Lincoln's "Government of the people, for the people, by the people" may be translated into something very different—"Government of the people, for the people, by illiterates". The resultant situation would bring an end to democracy. So I say that education and government are two faces of the same coin, and we separate them at our peril.

On motion of Hon. Mr. Beaubien, for Hon. Mr. Vaillancourt, debate adjourned.

PRIVATE BILL

EVANGELICAL MENNONITE CONFERENCE—SECOND READING

Hon. Arthur L. Beaubien moved the second reading of Bill S-11, to incorporate The Evangelical Mennonite Conference.

He said: Honourable senators, I wish to make a short explanation of this bill. It is in the form generally used for the incorporation of religious bodies. The head office of the Evangelical Mennonite Conference will be at Steinbach, Manitoba, which is one of our most prosperous towns, and all that the petitioners are seeking under this bill is what has been granted on many previous occasions to corporations of this kind.

The objects of the corporation are: to promote, maintain, superintend and carry on its work in accordance with and for the diffusion of the Christian faith; to organize, maintain and carry on churches and missions and to erect and maintain and conduct therein churches, seminaries, schools, colleges, hospitals, dispensaries, orphanages and homes for the aged; to promote the erection and purchase of houses of worship and parsonages; to administer the property, business and other temporal affairs of the corporation; to establish, support and maintain a publishing house for the purpose of printing and disseminating Gospel literature for the support of the doctrines and faith of the corporation; to promote the spiritual welfare of all the congregations and mission fields of the corporation.

The corporation seeks to acquire and administer property. It also seeks the right to invest all or any of its funds or moneys in proper securities, subject to the supervision of the Secretary of State for Canada.

Honourable senators, I could go through this bill clause by clause, but if it is given second reading I will move that it be referred to the Standing Committee on Miscellaneous Private Bills, where detailed examination of the various clauses can be made. I think this can be better done in committee than on the floor of this chamber.

Hon. Mr. Monette: I am not sure if I read the bill correctly but is there sufficient provision for the continued life of the corporation? In other words, will it become extinct upon the death of the last survivor of the three incorporators? The work of this corporation appears to be important and I understand the idea is to make the corporation one of long existence.

Hon. Mr. Beaubien: There is no doubt that the corporation is being organized under the three names set out in clause 1 of the bill. These three persons will be the first directors of the corporation. I would refer my honourable friend to section 2 of the bill which reads:

> The persons named in section 1 of this act shall be the first directors of the corporation.

Hon. Mr. Monette: But what will happen when they die? Is there anything provided for their succession, for their replacement?

Hon. Mr. Beaubien: The bylaws of the corporation will take care of that situation by

authorizing the appointment of directors when necessary. That will ensure the continuance of the corporation.

Hon. Mr. Monette: Is that power given in the bill before the house?

Hon. Mr. Beaubien: Section 5 deals with the bylaws.

Hon. Mr. Monette: This can be discussed in committee, but I thought I should raise the point at this time for it seems to me there is no clear provision in the bill for the continued life of the corporation.

Hon. Mr. Reid: I think section 6 makes such provision.

Hon. Mr. Beaubien: Sections 5 and 6 of the bill will take care of the question raised by the honourable senator from Mille Isles (Hon. Mr. Monette). Section 5 of the bill commences:

> The corporation may from time to time make bylaws, not contrary to law, for
> (a) the administration, management and control of the property, business and other temporal affairs of the corporation;
> (b) the appointment, functions, duties and remuneration of all officers, agents and servants of the corporation;

Then you come to section 6, which reads:

> Subject to and in accordance with the bylaws enacted by the corporation under section 5, an executive committee consisting of such persons as the corporation may from time to time elect or appoint thereto shall manage all the temporal affairs of the corporation.

If my honourable friend has any further objections—

Hon. Mr. Monette: I did not raise the question with any idea of opposing the bill at all. I merely thought it could be looked into.

Hon. Mr. Beaubien: It will be.

Hon. Arthur W. Roebuck: Honourable senators, no doubt these are very good people with a splendid purpose in mind. Glancing over the bill I see one phrase which seems to me to be most unusual and I think it is open to a good deal of question. I would refer the mover (Hon. Mr. Beaubien) to section 14 of the bill, which reads:

> Any deed or other instrument relating to real estate vested in the corporation or to any interest in such real estate shall, if executed within the jurisdiction of the Parliament of Canada, be deemed to be duly executed if there is affixed thereto the seal of the corporation and there is thereon the signature of any two officers of the corporation duly authorized for such purpose,—

That is the usual phrase, and then to that is pinned on this tail, as it were:

> —or of his lawful attorney.

I think that is most unusual. If I were the solicitor for the corporation I would never have in the incorporating statute a clause such as that, giving the authorized officer of the organization power to sign such documents as instruments transferring real estate, and then allowing that person to appoint a lawful attorney to exercise that power. It might be all right if the person was specially authorized to sign some particular document, but do not forget that the officers of this corporation will have attorneys for all sorts of purposes. Attorneys of a general character are appointed sometimes and they might exercise this power on occasion without any authority directly from the corporation itself. I would think that is a dangerous clause to be allowed in.

Hon. Mr. Beaubien: Your objection is to the words "or of his lawful attorney"?

Hon. Mr. Roebuck: Yes. I think those words should be struck out. I probably will not be at the committee meeting but I trust the committee will inquire into this matter.

Hon. Mr. Beaubien: No doubt the remarks of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) and those of the honourable senator from Mille Isles (Hon. Mr. Monette) will be brought to the attention of the committee when it is dealing with the bill clause by clause.

Hon. Mr. Monette: I trust that my remarks will not be wrongly interpreted. I am in favour of giving any class of people such as this an opportunity to incorporate and to continue their life. It was in that spirit I queried whether sufficient provision is contained in the bill for the continuity of the life of the corporation.

Hon. Mr. Beaubien: I can assure the honourable senator that his remarks, like those of the honourable gentleman from Toronto-Trinity, will be brought to the attention of the committee. The committee will also have the benefit of the presence of the Law Clerk of the Senate, who is very efficient, and he will be able to guide us in our deliberations.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Beaubien, bill referred to Standing Committee on Miscellaneous Private Bills.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce, Nos. 103 and 110, which were presented yesterday.

Hon. Mr. Roebuck, Chairman of the committee, moved that the reports be adopted.

Motion agreed to.

The Senate adjourned until Tuesday, February 24, at 3 p.m.

APPENDIX

(*See p. 183*)

CANADIAN BROADCASTING CORPORATION—NEWS COMMENTATORS

ANSWER TO INQUIRY BY HON. MR. THORVALDSON

INQUIRY:

No. 1—Who were the commentators employed to broadcast on "Capital Report" from Ottawa on Sunday afternoons during 1958, and on how many Sundays did each commentator broadcast?

No. 2—Who were the panelists employed on the TV program "Press Conference" during the same year, and on how many occasions did each one appear?

No. 3—The names of all commentators who during the year 1958 were employed to broadcast the Preview Commentary after the 8 a.m. news each day and on how many occasions did each one broadcast?

No. 4—The names of all commentators who during the year 1958 were employed to broadcast brief comments after the 10 p.m. or other news programs, and on how many occasions did each one broadcast?

No. 5—What is the scale of fees for each performance normally paid to each person who (a) broadcasts from Ottawa on "Capital Report" or (b) serves as chairman or a member of the panel on TV "Press Conference", or (c) broadcasts the Preview Commentary after the 8 a.m. news, or (d) broadcasts brief news comments after the 10 p.m. or other news programs?

No. 6—What was the total amount paid by the C.B.C. during 1958 to each of the persons referred to in paragraphs 1 to 4 above for their performances on all programs of the C.B.C., including the International Service?

ANSWER:

The Canadian Broadcasting Corporation advises as follows:

No. 1—CAPITAL REPORT

Speaker	No. Occasions	Speaker	No. Occasions
Michael Barkway	3	Robert Duffy	7
John Bird	3	Anne Francis	1
Arthur Blakely	5	Blair Fraser	2
Hugh Boyd	9	Tom Gould	2
Norman Campbell	1	Charles Lynch	3
Tim Creery	4	Robert Needham	4
Clark Davey	2	Frank Swanson	1
Peter Dempson	3		

No. 2—PRESS CONFERENCE

Chairmen	No. Occasions	Chairmen	No. Occasions
Blair Fraser	1	Robert McKeown	4
Charles Lynch	1	Frank Swanson	1

Panelists	No. Occasions	Panelists	No. Occasions
Donald Armstrong (Montreal)	1	Grant Dexter	1
Michael Barkway	2	Robert Duffy	1
John Bird	2	Blair Fraser	4
Arthur Blakely	6	Eugene Griffin	1
Bill Boss	1	Charles Lynch	2
Tim Creery	1	James McCook	1
Clark Davey	1	Bruce McDonald	1
		Frank Rasky (Tor.)	1

No. 3—PREVIEW COMMENTARY

Speakers	No. Occasions	Speakers	No. Occasions
Thomas J. Allen	1	Bill Bantey	1
Wilbur Arkinson	1	Michael Barkway	1

No. 3—PREVIEW COMMENTARY (Conc'd)

Speaker	No. Occasions	Speaker	No. Occasions
Raoul Bertrand	1	Jack Lusher	5
Bill Boss	6	Charles Lynch	4
Hugh Boyd	1	John Maclean	5
Stanley Burke	9	John Maffre	4
John Cairns	2	James Mallory	4
Keith Callard	3	J. Marshall	1
Norman Campbell	10	Dave McIntosh	5
Gerald Clark	2	J. B. McGeachy	1
Langevin Cote	2	John McVane	1
Gerald Craig	1	George Mowbray	1
Tim Creery	9	Leo Muray	2
Clark Davey	13	Richard Needham	2
Peter Dempson	12	Peter Newman	6
Robert Duffy	2	Michael Oliver	12
James Eayrs	2	Gerard Pelletier	1
Tom Eberlee	4	J. R. Petrie	1
Anne Francis	1	Bruce Phillips	3
Paul Fox	2	Bernard Redmont	1
John Gellner	1	Paul Ress	3
Don Gordon	7	B. T. Richardson	4
Tom Gould	7	Edouard Sablier	1
Grey Hamilton	4	Khalid Sayeed	1
Kenneth Harris	1	John Saywell	3
Ralph Hedlin	1	William Scott	1
James Hornick	1	Andrew Snaddon	1
James Jackson	1	Frank Swanson	7
Maurice Jefferies	2	Col. G. R. Stevens	1
Alex Josey	3	William Stevenson	1
Tom Kent	1	Charles Taylor	2
Charles King	6	Malcolm Taylor	1
Douglas LaChance	8	Bert Trudel	1
Andre Laurendeau	2	Gerald Waring	7
Rene Levesque	1	Dal Warrington	1
Marcus Long	3	Willson Woodside	10
Peter Lowes	1		

No. 4—WEEKEND REVIEW

Speaker	No. Occasions	Speaker	No. Occasions
Keith Callard	8	J. B. McGeachy	9
Maxwell Cohen	3	Robert Nielson	1
David Corbett	6	Michael Oliver	1
James Eayrs	4	B. T. Richardson	2
George Ferguson	2	Willson Woodside	5
Tom Kent	3	Christopher Young	5
Andre Laurendeau	3		

POST NEWS TALKS

Speaker	No. Occasions	Speaker	No. Occasions
Arthur Blakely	1	John Cairns	1
Grant Dexter	1	Fred Alexander	1
Robert McKeown	1	William Stevenson	1
Tim Creery	1	Lois Mitchison	1
Murray Donnelly	1	Mark Gayn	2
Patrick Keatley	2		

MIDWEEK REVIEW

Speaker	No. Occasions	Speaker	No. Occasions
Michael Barkway	2	Claude Dewhurst	1
Jack Beal	1	Murray Donnelly	1
John Bird	1	George Ferguson	1
George Bookman	1	Blair Fraser	1
Stanley Burke	1	Wolfgang Friedman	1
John Cairns	1	Helene Gagnon	1
Gerald Clarke	1	Heiner Gautschy	1
Maxwell Cohen	1	Darsie Gillie	1

No. 4—MIDWEEK REVIEW (Conc'd)

Speaker	No. Occasions	Speaker	No. Occasions
Don Gordon	2	Richard E. Mooney	1
Tom Gould	1	Edward A. Morrow	1
Thomas Hamilton	1	Knowlton Nash	2
C. R. Hiscocks	1	David Nicholls	1
John Irving	1	C. D. Quilliam	1
Patrick Keatley	1	Paul Ress	1
Tom Kent	1	Edouard Sablier	3
David Koonce	1	Adalbert de Segonzac	1
Charles Lynch	1	William Stevenson	2
J. B. McGeachy	1	John R. Walker	1
Edward McWhinney	1	Gerald Waring	1
James M. Minifie	1	Willson Woodside	2

No. 4—VIEWPOINT

Speaker	No. Occasions	Speaker	No. Occasions
Enrique Abaroa	1	Anne Francis	1
Fred Alexander	1	Blair Fraser	2
Ralph Allen	1	F. C. Fraser	1
R. D. Archibald	1	J. B. Fraser	1
Wilbur Arkinson	1	Max Freedman	1
Donald Armstrong	1	Wolfgang Friedman	3
John Atkins	1	William R. Frye	1
F. R. C. Bagley	1	Jean-Louis Gagnon	3
Michael Barkway	1	Mark Gayn	2
John Barman	1	John Gellner	1
Doak Barnett	1	Carl Goldenberg	1
Clive Baxter	1	Donald Gordon	1
Leonard Bertin	1	Sir Ronald Gould	1
John Bird	5	Leo Gruliow	3
George Bookman	1	Ernst van den Haag	1
Bill Boss	1	Henry Habib	1
Lord Boyd Orr	1	Lord Hailsham	1
Michael Brecher	1	Anthony Hampson	1
Thomas N. Brewis	1	E. G. Hansell	1
Peter Brock	1	John Harbron	3
John J. Brown	1	Norman Harper	1
Stanley Burke	4	Kenneth Harris	1
James Burnham	1	Abdul Hassouna	1
Keith Callard	1	Roy Heenan	1
R. A. Cameron	1	Robert Heller	1
Norman Campbell	3	Sirrell Hillman	1
James N. Cannon	1	James Hornick	1
Paul Chaise	1	J. C. Hurwitz	1
A. Chanderli	1	Richard Jackson	1
Marquis Childs	1	Alan Jarvis	1
Sir John Cockcroft	1	Pauline Jewett	1
Maxwell Cohen	2	E. B. Joliffe	1
Nathan Cohen	1	Burton Kierstead	1
David Corbett	1	William Kinmond	1
Jean Cournoyer	1	A. J. Knowles	1
Gray Cowan	1	Justus van der Kroeff	1
Dr. L. Cragg	1	Douglas LaChance	1
Tim Creery	3	M. Lacoste	1
Donald Creighton	1	Paul Lacoste	1
George Croskery	1	Marc Lalonde	2
Oakley Dalgleish	1	Dr. Philip A. Lapp	1
David Dallin	1	Joseph Last	1
Clark Davey	2	Andre Laurendeau	1
Paul Deacon	1	Morden Lazarus	1
Philip Deane	4	Alan Lennox-Boyd	1
Claude Dewhurst	3	Max Lerner	1
Grant Dexter	1	Rene Levesque	1
Gordon Donaldson	1	David Lewis	2
Peter Dreyer	1	W. B. Lewis	1
Dr. Ivo Duchacek	1	C. B. Limbrick	1
Robert Duffy	1	Ernest Lindley	1
Leo Egan	1	Kenneth Lines	1
Roberto Esquenzi-Mayo	1	Wilfrid List	2
Dr. Faruqi	1	Lady Listowel	1
Nazrollah Fatemi	2	Brig. Steven Longrigg	1
Rashid Feroz	1	Charles Lynch	1
Eugene Forsey	3		
Paul Fox	1		

No. 4—VIEWPOINT (Conc'd)

Speaker	No. Occasions	Speaker	No. Occasions
W. H. S. Macklin	2	Patrick Sergeant	1
Ray Magladry	1	B. G. Silvertz	1
J. B. McGeachy	4	A. M. Smith	1
Edgar McInnis	3	Milford Smith	1
Robert McKenzie	1	George Solovitchek	1
Robert McKeown	2	R. A. Spencer	2
Peter McLintock	2	Jacob Spilt	1
John McVane	2	Graham Spry	1
Mrs. Golda Meier	1	John A. Stevenson	1
Dr. Peter Millman	1	William Stevenson	1
Hans Morgenthau	1	Miller Stewart	1
Dr. J. R. Muchmoor	1	Richard L. Strout	1
Malcolm Muggeridge	2	Frank Swanson	2
Arthur Munro	1	Alistair Taylor	1
Harry Murkland	1	Malcolm Taylor	1
Richard Needham	4	Aly Tayyeb	1
Edward Neufeld	1	George Tilge	1
Michael Oliver	1	Pierre Trudeau	1
Saul Padover	3	Ernst Waengler	1
Gerard Pelletier	2	Dr. Jessie Walker	1
Elton Pounder	1	Paul Ward	1
Cranford Pratt	1	Gerald Waring	1
Hugh Douglas Price	1	Gerald Wendt	1
Norman Redlich	1	William S. White	1
B. T. Richardson	1	Fred W. Whitehouse	1
David Roe	1	Dr. J. Tuzo Wilson	1
Harrison Salisbury	3	Willson Woodside	5
Khalid Sayeed	1	Baron de Wooters	1
Ralph Schafer	1	Christopher Young	1
		Lubor Zink	1

No. 4—BYLINE

Speaker	No. Occasions	Speaker	No. Occasions
Kenneth Adlack	1	Leslie Farrer-Brown	1
Sven Ahman	1	Tyconnel Fay	1
Nasim Ahmed	1	Lionel Fleming	1
Omer Anderson	1	David Floyd	1
Sir Norman Angell	1	Anne Francis	3
Richard Aspinall	1	A. N. Fraser	1
John Atkin	1	Max Freedman	1
George Bain	1	William Frye	4
Murray Ballentyne	1	Mark Gayn	4
Clive Baxter	1	Otto Gobius	2
Michael de la Bedoyere	1	Sir John Glubb	1
Leonard Bertin	1	Anatol Goldberg	1
Michael Best	1	Richard Goold-Adams	1
John Bird	2	Donald Gordon	1
Edward Blockley	1	Tom Gould	1
Bill Boss	1	James Gray	1
Eric Britter	3	John Harbron	2
Denis Brogan	2	Richard Harris	1
John J. Brown	1	Gordon Hawkins	1
Stanley Burke	28	Ralph Hedlin	3
Alfred Byrne	1	C. R. Hewitt	1
John Cairns	1	Chris Higginbotham	1
James Cameron	2	William Hines	1
Nicholas Carroll	1	Thomas Hodgkin	1
John Conway	1	James Hornick	1
David Corbett	1	Volney Hurd	1
Cliff Cowan	1	Pierre Huss	1
David Davis	1	James Jackson	1
Philip Deane	1	Theo Joekes	1
Gladys Delmas	6	Bertram Johannson	2
Peter Dempson	3	Alex Josey	10
Denis Desouter	1	Nairn Kattan	1
Claude Dewhurst	2	Patrick Keatley	1
Desmond Donnelly	1	Charles King	2
Robert Duffy	1	Sir Stephen King-Hall	1
John Dugdale	1	Sir Ivone Kirkpatrick	1
Arnold Edinborough	1	Douglas LaChance	2
Robert Elegant	1		
Ernest Eytle	1		

No. 4—BYLINE (Cont'd)

Speaker	No. Occasions	Speaker	No. Occasions
Jean Laponce	1	Ralph Morton	1
Alfred Lathan-Koenig	1	Noel Mostert	1
Joseph P. Last	1	Knowlton Nash	2
Bernard Levin	1	Edward Neufeld	1
Peter Lowes	1	Robert Nielson	1
Jack Lusher	1	Gerard Pelletier	1
Charles Lynch	1	Bruce Phillips	1
Edward MacWhinney	1	John Porter	1
James Mallory	3	Bernard Redmont	1
Lloyd McDonald	1	Paul Ress	1
Dave McIntosh	1	John Roselli	1
Robert McKenzie	6	Abe Rotestein	1
Peter McLintock	2	Bertrand Russell	1
John McVane	11	Khalid Sayeed	5
John Meisel	1	John Saywell	1
John Meyer	1	George Scott	2
James M. Minifie	3	Richard Scott	4
David Mitchell	1	James Senter	1
		Leo Silberman	1
		Andrew Snaddon	3

No. 4—BYLINE (Conc'd)

Speaker	No. Occasions	Speaker	No. Occasions
Claire Sterling	1	Ronald Waterhouse	1
John A. Stevenson	1	Jean Wetz	1
William Stevenson	12	William S. White	1
Richard Strout	1	Harold Wilson	1
Frank Swanson	1	Willson Woodside	4
Walter Taplin	9	Anthony J. Wright	1
Malcolm Taylor	1	Christopher Young	1
Edward Ward	1	Lubor Zink	4
Charles Wasserman	1	Victor Zorza	1

No. 5

(a) $35 — $45 (c) $20 — $30
(b) $40 — $75 (d) $20 — $50

The fee for each assignment depends upon the amount of work involved.

No. 6

It is not considered to be in the public interest to disclose amounts of payments to individuals as it would affect the position of the corporation in a competitive business in negotiating for services.

THE SENATE

Tuesday, February 24, 1959

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

Prayers.

DOCUMENT TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following document:

Copy of Order in Council P.C. 1959-122 of February 3, 1959, approving the capital budget of the National Harbours Board for the calendar year 1959, pursuant to section 80(2) of the Financial Administration Act, Chapter 116, R.S. 1952.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 111 to 125, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

CIVIL SERVICE

NOTICE OF INQUIRY

Hon. Jean-François Pouliot: Honourable senators, in the report of the Civil Service Commission of Canada dated December last there is one paragraph about the classification of positions within the Civil Service. The report asks that the classifications should be left with the Civil Service Commission. I remember that, 21 years ago, the number of classifications was astounding; it was 2,500. I have this question to ask:

What was the total number of classifications in the Civil Service of Canada in 1918, 1938 and 1958, respectively?

CANADIAN BROADCASTING CORPORATION

PRODUCERS' STRIKE

Hon. Mr. Pouliot: Honourable senators, I rise on a question of privilege, with regard to an answer which was given by the honourable and genial Leader of the Government (Hon. Mr. Aseltine). As reported in *Hansard* of February 11, page 139, he mentions the names of 73 producers of the Canadian Broadcasting Corporation who were on strike. All the newspapers have mentioned the number of 74. There is one missing and I would like to know who is the shadow in the picture.

DIVORCE

BILLS—FIRST READINGS

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill SD-98, an Act for the relief of Dawn Jean McKenzie Barr.

Bill SD-99, an Act for the relief of Helen Ann Kovach Ujvary.

Bill SD-100, an Act for the relief of David Scott Brown.

Bill SD-101, an Act for the relief of Doris Margaret Turner Smiley.

Bill SD-102, an Act for the relief of Esther Mendelson Levy.

Bill SD-103, an Act for the relief of Joseph Louis Charles Gabriel Gascon.

Bill SD-104, an Act for the relief of Angelo Ciamarro.

Bill SD-105, an Act for the relief of Gerald Leblanc. (Annulment).

Bills read first time.

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

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

APPROPRIATION BILL NO. 1

MOTION FOR SECOND READING

Hon. W. M. Aseltine moved the second reading of Bill C-24, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1959.

He said: Honourable senators, this bill has been sent to us for the purpose of having authorized certain supplementary estimates of expenditures required to be paid between now and March 31, 1959. These supplementary estimates were distributed to honourable senators on the 30th day of January 1959, and I presume you have made a complete study of them. They have also been considered in the other house, and that is the reason we have this bill before us. The total amount of these supplementary estimates is $27,954,667. It was necessary to introduce these supplementary estimates primarily to provide for the municipal winter works program and certain other federal works programs to provide employment during the winter months. In addition, there are certain other estimates that have been included, because certain amounts will have to be paid on them before the end of the fiscal year.

I think it might be of information to honourable senators if I dealt with these supplementary estimates one by one, giving a brief explanation of each as I go along. The first,

Vote No. 695, for $375,000, has to do with the construction of a forest biology laboratory at Laval University in Quebec City. The construction of it is a part of the forest protective program of the federal Government. The reason for the amount of $375,000 is as follows. In the main estimates $500,000 was set aside for this building. That was only a part of the cost, of course, but the contractor was so ambitious that he did a lot more of the work than was expected to be done, leaving some of his other work in abeyance. The $500,000 which was furnished by the main estimates is not sufficient to take care of what has to be paid between now and the end of the fiscal year, so this further amount of $375,000 is being asked for.

Hon. Mr. Vaillancourt: Will the honourable gentleman permit a question? I think he said that $375,000 is for Laval University, Quebec?

Hon. Mr. Aseltine: For the forest biology laboratory at Laval University.

Hon. Mr. Vaillancourt: And Laval University accepts the money?

Hon. Mr. Aseltine: Oh, no; this is for the building.

Hon. Mr. Vaillancourt: Yes, for the building, but—

Hon. Mr. Aseltine: I did not intend to say it was a grant to Laval University. This is on account of the cost of erection of a building.

Hon. Mr. Macdonald: For Laval University?

Hon. Mr. Aseltine: Well, it is built at Laval University.

Hon. Mr. Euler: Does it not belong to the university, then?

Hon. Mr. Aseltine: I cannot answer that question. I do not know whether it does or not. I don't think it does. I think it belongs to the federal Government.

The next item is Vote No. 696, which has to do with the health of animals. It provides $400,000 for compensation for animals slaughtered. The amount is required to make certain payments under the Animal Contagious Diseases Act by way of compensation for diseased animals which must be slaughtered. In that way the spread of contagious diseases amongst animals is controlled. Honourable senators will remember that last session the act was amended to provide for a payment of from $40 to $70 for grade animals and $100 to $140 for purebred animals that had to be slaughtered. In 1958 the program for eradication of tuberculosis and brucellosis was stepped up considerably. Certain regulations had been made in the United States, and if we were to protect our position with respect to the export of cattle to that country it was necessary for the federal Government to increase its inspection program. That is what this money is for. The total expected cost for the year is $811,000, of which $411,000 has already been paid, leaving a balance of $400,000.

The next item is Vote No. 697: freight assistance on western feed grains. This is for the purpose of providing assistance in the form of payment of freight charges on western feed grains shipped to Ontario, Quebec and the Maritime provinces, and also from Alberta to British Columbia. Last year the volume of feed grain moved was greatly in excess of the volume in the preceding two or three years. To the end of December the volume was 2,029,000 tons, whereas in the previous year it was 1,815,000 tons. That is the first reason why this extra amount is required. The second reason is the necessity to compensate for the 17 per cent increase in freight charges which went into effect not long ago and which would have thrown out of balance the payment of assistance on feed grains.

Hon. Mr. Crerar: Could my honourable friend tell us what is the total amount expended under this item?

Hon. Mr. Aseltine: The total amount spent on freight rate assistance since the beginning in 1941 is, roughly, $293 million.

Hon. Mr. Crerar: How much this year?

Hon. Mr. Aseltine: This year it will approximate $20 million. A total of 45 million tons has been shipped since 1941. The amount of this vote is $2,500,000. The $2 million is for freight rate assistance on the increased quantity being shipped, and $500,000 is to cover the increase in freight rates.

I now come to Vote 698. This provides for additional payments to western grain producers of $1 per acre, up to a maximum of $200 per farm. Honourable senators will remember that last session $40 million was set aside in the supplementary estimates for this purpose, and it was thought that that would be sufficient to take care of these payments. Each holder of a permit book became entitled to receive the money, and the average amount paid was $175.

Hon. Mr. Crerar: May I ask my honourable friend if it is intended to continue these payments next year?

Hon. Mr. Aseltine: I am afraid I would not be able to deal with that question at this time, because it is a matter of Government policy. I feel quite sure that my honourable friend knows just as much about it as I do.

When the payments started to go out it was found that many people who were entitled to permit books had not applied for them and had not received them. Up to November 14 last, 214,194 payments had been made, to a total of $37,712,156; and on January 29, 1959 payments had been made to 227,919 permit holders, to an amount of $39,887,459. The additional applicants number about 8,000, and they are now being looked into by the Canadian Wheat Board. It is expected that possibly 6,000 to 8,000 more permits will be granted, which will require the additional sum of $1,300,000.

Hon. Mr. Beaubien: May I ask my honourable friend a question? If my information is right, these payments would apply to people who had delivery permits by the first of September, and people who did not have permits by that date would not come under the appropriation? Is there any way of adjusting that situation?

Hon. Mr. Aseltine: Several thousand permits have been serviced since that time, and everybody who was entitled to a permit has been or will be able to come under the appropriation and receive $1 an acre, up to $200 per farm.

Hon. Mr. Beaubien: Those farmers who did not have a permit when this arrangement came into being can still be provided with a permit to come under it?

Hon. Mr. Aseltine: They will be provided with a permit if they are entitled to one.

Vote No. 699 has to do with the administration of the Prairie Farm Assistance Act. Honourable senators know that in 1958 there was such widespread drought in the three Prairie provinces that at one time it looked as if here would be no crop at all. Many municipalities made application to have areas which were suffering from drought inspected under the Prairie Farm Assistance Act. Even though the situation improved greatly, and in many areas where applications had been made it was not necessary to pay any money under the act, nevertheless as applications had been made the officials of the department were obliged to make their inspection. On that account there was required some $225,000 more than was set out in the estimates which we passed last fall.

Hon. Mr. Crerar: Can my honourable friend tell the house the total amount spent under the Prairie Farm Assistance program in the present fiscal year?

Hon. Mr. Aseltine: The main estimates provided $550,446, the total amount required will be $775,446, and the $225,000 in this bill is the difference between those two amounts. It is expected that the total amount paid this year will be $20 million, of which about one-half will be paid by the one per cent levy that the farmer pays.

I now come to Vote No. 700, which has to do with the salaries and expenses of the Board of Broadcast Governors, in the amount of $72,000. This item is to provide for salaries of three full-time members of the board and the *per diem* allowances of the other members, including travelling expenses, from November 20, 1958 to March 31, 1959. It also covers some supplies, equipment and office rental.

Hon. Mr. Macdonald: May I ask a question of the Leader of the Government (Hon. Mr. Aseltine), who we know was in his youth an outstanding and brilliant hockey player? Can he tell us if the strike of C.B.C. producers has been settled and if we can feel assured of seeing the *Canadiens* play next Saturday night?

Hon. Mr. Aseltine: I have been watching the broadcast of the games every Saturday night from Toronto. I understand, although I have no official knowledge, that the strike has been settled, and it is quite possible that this week we will see our Montreal *Canadiens* win another game.

Hon. Mr. Roebuck: Can the honourable leader give us the salaries of the broadcasting officials, where the salaries have been fixed?

Hon. Mr. Aseltine: The total of salaries and wages is $92,000, and there are travelling expenses of $133,000, making a total of $225,000. The total provided in the main estimates was $550,446. That makes a total amount required for 1958 and up to March 31, 1959, of $775,446. But I do not appear to have the salaries paid to individuals.

Hon. Mr. Roebuck: Will the honourable leader get them for us? We are entitled to know. It would appear to be $30,000 apiece or more, if $92,000 is paid to the three members of the board.

Hon. Mr. Aseltine: The amount covers more than those. There are three full-time members, and the others receive a *per diem* allowance. There are also travelling expenses. I will try to get that information for the honourable senator before the afternoon is over.

Hon. Mr. Lambert: May I ask whether the other figure of three-quarters of a million dollars applies to the new Board of Broadcast Governors alone?

Hon. Mr. Aseltine: Well, this supplementary estimate is required to provide for increased salaries and wages payments and higher travelling expenses.

Hon. Mr. Crerar: This is item 700.

Hon. Mr. Aseltine: Oh, I beg your pardon, I am looking at the wrong page. This item is only $72,000 altogether.

Hon. Mr. Cameron: As I recall the newspaper story, the chairman receives $20,000, the second member, $16,000, the third $14,500, and the other members $100 per sitting day, plus their travelling expenses.

Hon. Mr. Aseltine: This is the explanation. This amount is required to meet the various expenditures of the Board of Broadcast Governors between November 20, 1958 and March 31, 1959. It covers the salaries of the full-time members of the board, *per diem*, travel and other expenses of the members of the board for their meetings, and salaries of 13 members of the staff, authorized as an interim establishment by Treasury Board minute TB543523 of January 2, 1959. It also covers such other items as supplies, equipment and office rental. As I said before, I was referring to another item. I am sorry I made the mistake.

Hon. Mr. Macdonald: Strike it out.

Hon. Mr. Aseltine: I come now to Vote 701. This has to do with the Canadian Broadcasting Corporation and it provides for a deficit of $2,193,552.

Hon. Mr. Euler: May I ask what is the total cost of the service for the year, including the amount appropriated here?

Hon. Mr. Aseltine: I do not appear to have the total in the estimates.

Hon. Mr. Macdonald: Perhaps the honourable gentleman can get the information before we pass the item?

Hon. Mr. Aseltine: Probably I can.

Hon. Mr. Macdonald: I would like to know the total cost of operating the Canadian Broadcasting Corporation, together with the total deficit.

Hon. Mr. Aseltine: I will try to obtain that information. When the operating budget was drawn up for 1958-59 it was thought that $12 million would come from excise tax. When the new act was proclaimed, in November, further receipts under the Excise Tax Act were cancelled. At that time $9,806,448 had been collected. The $2,193,552 being asked for now is simply the difference between $12 million and the amount that had been collected when the act came into force. That is all this item has to do with. I will try to obtain the other information.

Vote 702 is the one-dollar item referred to in the estimates. I would like to make some remarks with regard to it. The Department of Fisheries is arranging to take over from the Government of the province of Quebec certain responsibilities under the Fish Inspection Act, in so far as it applies to the fisheries products under the Meat and Canned Foods Act. In arranging to take over these responsibilities it has been agreed that some 30 provincial employees engaged in fish inspection operations would be transferred to federal employment. The Public Service Superannuation Act, in section 28, provides for the transference of pension credits under reciprocal transfer agreements. The purpose of this vote is to authorize the transfer of pension credits of the specific group of provincial civil servants who have been working on fish inspection.

Vote 703 has to do with the contribution of $100,000 made in 1958 by the Government of Canada to the Springhill Disaster Relief Fund. I do not suppose that any further explanation of this item is required. The money has already been paid.

I come now to Vote 704, which has to do with field services construction in the Fisheries Department. The amount of the vote is $55,000. The purpose of this is to construct a spawning channel in Robson Creek, in the great central area of British Columbia, to help replace spawning areas lost by dam construction. The total estimate of this work is $115,000, and the department expects to start work this winter. This sum of $55,000 will be required before March 31. It comprises part of the winter works program.

Vote 705 is a little more complicated. The amount required under this item for departmental administration in the Department of Justice, is $15,200. It is to cover the expenses of the Correctional Planning Committee set up to advise as to implementation of the Fauteux Report. An amount of $12,000 is required for travelling expenses, $1,500 for professional help, $1,000 for office equipment, and $700 for sundries, making a total of $15,200.

Vote 706 has to do with remission service, and the amount required under this vote is $28,000. Honourable senators will remember that last session an act was passed doing away with the Remission Service and providing for a Parole Board. This supplementary estimate is to provide for the new Parole Board now being set up to administer the Parole Act, which became effective on February 15, 1959.

Hon. Mr. Euler: Who are the members of the Parole Board, or have they not yet been appointed?

Hon. Mr. Aseltine: The Chairman of the Parole Board is Magistrate T. G. Street of Welland, Ontario, who, I understand, was appointed recently.

I think I should deal with Votes 707 and 708 together. An amount of $218,914 is required for these two items, $151,394 being for operation and maintenance of penitentiaries, and $67,520 being for construction, improvement and equipment. These funds are required for the acquisition, operation, maintenance and equipment of installations for the accommodation of prisoners at William Head, British Columbia, and Valleyfield, Quebec, until March 31, 1959. Perhaps honourable senators are not aware that in British Columbia the penitentiary has been greatly overcrowded as a result of an increasing intake in the last few months. It was considered imperative to find additional accommodation to take care of the overflow, and arrangements have accordingly been made to take over a portion of the quarantine station operated by the Department of National Health and Welfare at William Head, B.C., which will accommodate up to 100 additional prisoners. Similarly, in Quebec all available accommodation is filled to capacity at St. Vincent de Paul Penitentiary, and there are some 150 prisoners in provincial jails waiting transfer to the penitentiary. The department has been able to make arrangements with the Department of National Defence to take over the army camp at Valleyfield, Quebec, for accommodation of selected prisoners.

I now come to quite a large item, Vote 709. This has to do with the provision of $15 million to be paid to the provinces in connection with the winter work program undertaken in conjunction with the municipalities from December 1, 1958, to April 30, 1959. The federal Government agreed to pay one-half the cost of the labour incurred. There are many different kinds of work involved and perhaps I might give the house a few of them: construction and major reconstruction of streets, sidewalks or roads other than arterial roads; construction or reconstruction of bridges or culverts; clearing brush from road allowances to improve visibility or prevent snow blocking; gravelling or regravelling roads; stockpiling gravel or crushing rock for gravelling; demolition of buildings in connection with park development; reallocation of telephone lines in connection with construction or major reconstruction of a road; construction and major reconstruction of roads for which the municipality assumes the principal responsibility for construction and maintenance; clearing of drainage ditches or channels where it is mainly for the drainage of roads, and so on.

Hon. Mr. Reid: Has the honourable leader any information as to allocation of the $15 million among the various provinces?

Hon. Mr. Aseltine: I have an extensive table here that gives that information, and with permission of honourable members I would have it printed in *Hansard* at this point. It deals with the number of applications in the ten provinces, and gives the estimated cost of projects, and that kind of thing.

MUNICIPAL WINTER WORKS INCENTIVE PROGRAM DEPARTMENT OF LABOUR

Cumulative Report week ending
JANUARY 30, 1959.

—	Canada	B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.B.	N.S.	P.E.I.	Nfld.
Applications received	1,256	176	159	93	56	472	40	196	52	—	12
Applications accepted	1,198	171	151	76	50	456	40	193	49	—	12
Applications Rejected or pending	58 R24 P34	5	8	17	6	16	0	3	3	—	0
Estimated total cost of projects	52,640	6,501	11,027	2,345	4,153	20,732	5,099	979	1,684	—	120
Estimated total direct payroll cost of projects	19,550	3,130	3,853	892	1,358	7,585	1,554	448	676	—	54
Estimated cost of work undertaken under projects Dec. 1/58—Apr. 30/59.	38,764	4,309	8,349	2,192	3,299	15,106	3,645	837	909	—	118
Estimated direct payroll cost of work undertaken under projects Dec. 1/58—Apr. 30/59.	14,612	1,950	2,767	821	1,091	6,123	1,034	395	377	—	54
Estimated federal government share of direct payroll costs	7,232	908	1,382	408	546	3,073	517	187	184	—	27
Estimated number of men to be hired Dec. 1/58—Apr. 30/59.	20,150	1,861	3,319	1,434	989	8,077	1,412	1,998	873	—	187
Estimated man days work to be provided Dec. 1/58—Apr. 30/59.	1,147,671	111,642	192,682	65,956	71,752	534,724	82,505	47,320	35,624	—	5,466

N.B.—Cost figures shown in thousands of dollars.

Hon. Mr. Barbour: The honourable leader mentioned stockpiling of gravel. Would this item allow a paving contractor who was not working in the winter to stockpile gravel?

Hon. Mr. Aseltine: No, this is for assistance of the municipalities.

Hon. Mr. Barbour: Well, municipalities do some paving too. Would it allow the contractors to stockpile gravel?

Hon. Mr. Aseltine: It just covers one-half the labour cost involved by the municipalities in doing this kind of work. It would not cover private contractors, as far as I know.

Hon. Mr. Beaubien: May I ask the honourable leader one question, please? Has he got the list of the number of unemployed who were put to work by this scheme?

Hon. Mr. Aseltine: No, I have not that information.

Hon. Mr. Pratt: May I be permitted a question? Is this $15 million a supplementary amount or the total?

Hon. Mr. Aseltine: It is the total up to April 1.

Hon. Mr. Pratt: And it is for the purpose of relieving winter unemployment?

Hon. Mr. Aseltine: The purpose being to relieve winter unemployment, that is correct.

Hon. Mr. Beaubien: Will my honourable friend try to get me that list of the number of unemployed people who were put to work under the scheme covered by this item of $15 million? I think we are entitled to the information.

Hon. Mr. Aseltine: I do not know if that information is available or not; I haven't it now.

Hon. Mr. Croll: The information was given in the House of Commons last weekend—25,000.

Hon. Mr. Macdonald: We should have more information than that, we should have a breakdown by provinces and municipalities. Just to say 25,000 means very little.

Hon. Mr. Aseltine: I will see if any information along that line can be obtained.

The next item is Vote No. 710, in the amount of $630,000, required for the Dominion Coal Board. The main reason for requiring additional funds is the increase in the tonnage of Nova Scotia coal movements and the increased rate of subvention per ton because of higher pithead costs. Approval of the extra tonnage at higher costs was given by the Government in order to maintain a reasonable level of employment in the Nova Scotia mines.

Hon. Mr. Euler: Has this only to do with the Nova Scotia mines, or does it affect western mines also? I know at one time there used to be subsidies on the shipment of coal from Alberta to Manitoba.

Hon. Mr. Aseltine: I have a lot of information as to what has happened over the year, but I understand that this has principally to do with assistance to the coal industry of Nova Scotia, though some will be given to the industry in other provinces, including western provinces. The assistance given in Nova Scotia will be $8,061,670; in New Brunswick, $110,681; in Saskatchewan, $250,297; in Alberta, $692,888; and in British Columbia, $90,776, making a total of $9,206,312. The previous estimate was $8,580,250, so there is required a further amount of $626,062, or roughly $630,000.

Hon. Mr. Isnor: Could the honourable leader enlarge on that? Last session I made an inquiry in connection with this particular item—and was told that the information would be forthcoming at a later date, but I am still waiting for the information. Vote 710 reads as follows:

> Payments in connection with the movements of coal under conditions prescribed by the Governor in Council—Further amount required, $630,000.

What is the meaning of the words "prescribed by the Governor in Council", and what are those conditions as they affect the unemployment situation in the mines of Nova Scotia?

Hon. Mr. Aseltine: During the early part of the fiscal year the Government approved increases in the rates of subvention to allow Nova Scotia coal to move farther west of Montreal. This has increased the tonnage moved by water and also increased the tonnage of and rate on coal trans-shipped. In the previous estimates no provision was made to cover the additional costs. The pithead cost of the Nova Scotia coal increased throughout the year, which increased cost was reflected in the competitive prices in the subvention area and required a higher rate of assistance. That is all the information I have.

Hon. Mr. Euler: May I ask a question? I take it that many of these sums have already been expended. Is that the case? I was just wondering, so far as parliamentary authority is concerned, by what method the authority to spend is given. Is it given by orders in council, now ratified, or by what means?

Hon. Mr. Aseltine: The main vote was $8,580,250, and I presume that has been spent. The amount of $630,000 is in addition to that.

Hon. Mr. Euler: But has some of this been spent?

Hon. Mr. Aseltine: Oh, I presume so, because we have only about another month to go before we come to April 1.

Hon. Mr. Macdonald: What was the total again?

Hon. Mr. Aseltine: The total in the estimates was $8,580,250.

Hon. Mr. Farris: How much did Nova Scotia get?

Hon. Mr. Aseltine: Nova Scotia, $8,061,770

Hon. Mr. Farris: Almost all of it.

Hon. Mr. Aseltine: Nearly all the $630,000 was for Nova Scotia.

Hon. Mr. Burchill: How much for New Brunswick?

Hon. Mr. Farris: They are not as hard up as Nova Scotia.

Hon. Mr. Hayden: Not as vocal.

Hon. Mr. Isnor: I am sure many honourable senators will recall that last year I rose on a question of coal assistance for the mining area of Cape Breton, and referred to the pile of something like 600,000 tons there for which a market could not be found, and I predicted that it would likely be a million tons the following year. Well, it has not only reached the million-tons mark, but it has gone to 1,200,000 tons. What is more important is the fact that notwithstanding this $630,000 that is asked for, unemployment in the Cape Breton area today is worse than it has been for many, many years. I think the all-important question is not so much approval of this vote, or the conditions under which the Government pays it, but rather the effect it is having on the unemployment situation in the Cape Breton area. I do not want to overstress it at this point, but we are in a very, very desperate position in the Cape Breton area. I do not come from that area, particularly, but as a Nova Scotian I am naturally interested, because the unemployment has an effect on the economy of the whole province. I feel that the Leader of the Government should be in a position to tell us just what the unemployment figures are today, as compared with those of last year and perhaps the year before, so that we may see what the Government is doing in respect to employment in the coal mines in the Cape Breton area. Perhaps the honourable leader would be good enough to give us that information.

Hon. Mr. Aseltine: I do not know whether that information is available or not.

Hon. Mr. Isnor: I think it should be. Will the honourable leader be good enough to inquire whether it is available?

Hon. Mr. Aseltine: I will do my best to get the information.

Hon. Mr. Isnor: I think there is no doubt that it is available. Perhaps you had better put it on record for a future date not too far distant.

Hon. Mr. Pratt: In connection with payments made by the Dominion Coal Board, may I ask a question? Were the amounts that you have mentioned paid on shipments of coal by railway to competitive markets in other provinces, or were they also spread among shipments by vessel, as for example on shipments of coal from Cape Breton to Newfoundland?

Hon. Mr. Aseltine: From Nova Scotia 631,124 tons were shipped by railway, 1,867,375 tons were shipped by water and 792,112 tons were trans-shipped. Then there is an item, railway use, 101,069 tons; Springhill, 71,317 tons. The total was 2,670,885 tons. Similar information is given for each of the other provinces.

Hon. Mr. Pratt: The honourable leader says the shipments were made by vessel and by rail. What I would like to know is how the payments mentioned were spread among all the various avenues of trade. Were they mostly on shipments by rail to competitive markets in the other provinces?

Hon. Mr. Aseltine: $1,610,236 was paid in Nova Scotia in connection with shipments by all rail.

Hon. Mr. Isnor: To whom were these payments made? Were they made to the mining companies or to the railways for carrying the coal?

Hon. Mr. Aseltine: My information is lacking in that respect. I thought the honourable senator, coming as he does from Nova Scotia, where this legislation has been in force for so many years, would know all about it.

Hon. Mr. Hayden: Oh, yes, but you spent the money, you see.

Hon. Mr. Isnor: I am trying to clarify the position as far as the question asked by the honourable senator from St. John's West (Hon. Mr. Pratt) is concerned.

Hon. Mr. Aseltine: I cannot answer that question.

I will go on with the next item, with leave of the Senate. That is Vote 711, and it has to do with national parks, $2,850,000. This item provides for an estimated expenditure during the balance of the fiscal year on a number of winter works projects commencing in November 1958. Generally, these items represent normal park activities on which the work can be speeded up in the interest of providing employment. For example, cutting and clearing of trunk highways, roads and trails through the parks. This is an example of the Government's program to provide winter work to meet unemployment.

Hon. Mr. Hayden: Would the honourable senator tell us what parks?

Hon. Mr. Aseltine: Following are the estimates by parks, according to their geographical location.

Historic Sites	$ 157,000
National Parks trunk highways	1,113,500
Banff Park	310,500
Cape Breton Highlands Park	120,500
Elk Island Park	120,500
Fundy Park	45,000
Kootenay Park	6,000
Mount Revelstoke Park	31,000
Prince Albert Park	150,000
Prince Edward Island Park	92,500
Riding Mountain Park	217,000
Terra Nova Park	55,000
Waterton Lakes Park	378,000
Yoho Park	54,000
	$2,850,000

Hon. Mr. Isnor: Would the honourable leader be good enough to break down the second item, namely, National Parks Trunk Highways, $1,113,500, and let us know what each province, and what each park in the province, received.

Hon. Mr. Aseltine: I gave the locations of the parks and the amount set aside for each one.

Hon. Mr. Isnor: You gave the names of the parks and the amounts of so many thousand and so on. What I am asking for is a breakdown of the second item, namely, $1,113,500, which was the total amount expended in connection with the trunk highways in the parks. Will you break that down and let us know what amount was spent in each of the parks?

Hon. Mr. Aseltine: The breakdown of these trunk highway expenditures of $1,113,500 is as follows:

Continuation of reconstruction of Banff-Jasper Highway, mile 22-70, and completion of clearing of right-of-way mile 70-80, Banff section, and mile 80-120, Jasper section, $75,000.

Sanitation Cutting, Banff—Windermere Highway mile 7-32 and mile 46 (Clearing of insect killed timber and windfalls), $190,000.

Clearing right-of-way and stumping along No. 10 Highway (15 miles), $170,000.

Fringe Clearing, Banff-Jasper Highway, $128,000.

Clearing right-of-way Chief Mountain Highway, $127,000.

Clearing Cabot Trail between Pleasant Bay and Cape North in Ingonish area, $107,000.

Clearing right-of-way along the Waskesiu Highway, $105,000.

Complete clearing, widening shoulder and deepening ditches No. 14 Highway, $75,000.

Clearing Jasper—East Gate Road, $75,000.

Trans-Canada Highway fringe clearing Eisenhower to Great Divide, Banff Park, $34,000.

Fringe clearing Trans-Canada Highway, Yoho Park, $27,500.

Making a total of $1,113,500.

Hon. Mr. Isnor: In so far as Nova Scotia is concerned, out of $1,113,500 an amount of only $107,000 was spent in that province.

Hon. Mr. Hayden: On item No. 711, I wonder if the leader could give us some information, or perhaps obtain it, as to how many people were provided with employment as a result of the expenditure of this money which this bill would provide? Secondly, is it work which would have been done in any event, and was only done during the winter season to relieve unemployment? The third question I wish to ask is this: were any portions of this expenditure in relation to the various sections of what may be described as the Trans-Canada Highway?

Hon. Mr. Aseltine: The federal Government is responsible for the building of the Trans-Canada Highway through the parks. I will do my best to get the information for which you have asked.

Hon. Mr. Hayden: My question was not as to who was responsible. It was as to whether or not any of the work covered by this vote was work on some part of the Trans-Canada Highway.

Hon. Mr. Aseltine: Vote 712 is in connection with forestry operations.

Hon. Mr. Crerar: Before the honourable leader leaves the previous item, I was waiting to get an opportunity to say a word or two in regard to the questions asked by the honourable senator from Toronto (Hon. Mr. Hayden). I would doubt if any of this vote of $2,850,000 is in any way associated with the building of the Trans-Canada Highway through the parks.

Hon. Mr. Aseltine: You may be right.

Hon. Mr. Crerar: The description of the item is:

Construction or acquisition of buildings, works, land and equipment—further amount required $2,850,000.

In the main estimates at the beginning of the fiscal year the total amount voted for parks under this heading was $14,899,000.

This addition of $2,850,000 will bring the total up to something more than $17½ million.

It might also be interesting for the house to note that the total vote under the heading of National Parks last year was $21,940,000. And, if it is of interest to honourable senators—I say "if" because I think we have largely lost our perspective so far as economy in administration is concerned—I would point out that the total vote for National Parks in the estimates for the next fiscal year is almost $26½ million.

It does seem to me that is a pretty heavy expenditure. It may all be justified, but I very much suspect that this additional vote of $2,850,000 is in some way related to the relief of unemployment. How valuable that may be, I don't know. I know it is pretty difficult to do winter work efficiently and economically in National Parks.

Hon. Mr. Aseltine: I have here some information for honourable senators with regard to the number of persons estimated to be employed on the winter work program. It is as follows:

British Columbia	2,200
Alberta	3,700
Saskatchewan	1,700
Manitoba	1,200
Ontario	9,000
Quebec	3,200
New Brunswick	2,000
Nova Scotia	3,600
Newfoundland	200
Total	26,800

Hon. Mr. Hayden: None in Prince Edward Island?

Hon. Mr. Aseltine: None.

Hon. Mr. Connolly (Ottawa West): Has the honourable leader any information as to the length of time these people were employed?

Hon. Mr. Aseltine: I think that would be impossible to find out.

I have some information that honourable senators might like to have with respect to the Canadian Broadcasting Corporation's operating budget for 1958-59. Total operating expenses, $81,911,000, less commercial reserve of $30,420,000, making a difference of $51,491,000. The excise tax statutory item was estimated at $12 million. We voted in the main estimates and supplementaries $39,491,000, making the total which I gave previously of $51,491,000.

Vote 701, as I have explained, merely votes the balance of the amount expected from excise tax collections but which was not received on account of the fact that the act was amended. All capital expenditures are provided through votes of Parliament and they total $8,649,000 for 1958-59.

Hon. Mr. Macdonald: Certain salaries were fixed by order in council, and I think we are entitled to know what those are.

Hon. Mr. Aseltine: Vote 712 has to do with another winter works program approved by the department, and includes provision of federal assistance to the provinces for forest access roads and trails. The amount requested represents the estimated requirements of this program for the period November 1, 1958 to March 31, 1959, based on anticipated provincial participation in the program.

Hon. Mr. Hayden: Does that mean that the amount has not been separated with respect to any province, based on what the participation will be, or is it based on anticipated provincial participation?

Hon. Mr. Aseltine: I have the details per province. This item is required for federal contributions toward expenditure made by the Governments of the provinces on forest access roads and trails during 1958-59 under a federal assistance program approved by the cabinet. The additional amounts required are as follow: Newfoundland, $31,000; Nova Scotia, $21,000; New Brunswick, $9,000; Quebec, no item; Ontario, $750,000; Manitoba, $197,000; Saskatchewan, $100,000; Alberta, $94,000; British Columbia, $400,000, and an amount of $80,000 owing under a previous agreement, which makes the total of this vote $1,682,000.

Hon. Mr. Grant: I notice that Prince Edward Island is not considered at all. Are we yet a province of the dominion?

Hon. Mr. Aseltine: Apparently Prince Edward Island made no agreement with the federal Government as far as this program is concerned.

Hon. Mr. Connolly (Ottawa West): Is the honourable leader able to say what proportion of the contribution to this work is paid by the provincial Governments, and what part by the federal Government; and can figures be produced later as to the number of people who have been employed in this work, and for how long?

Hon. Mr. Aseltine: My information does not go that far.

Hon. Mr. Macdonald: The leader has had a lot of $64,000 questions today.

Hon. Mr. Aseltine: A lot more than were asked in the other place.

I now have figures of the salaries of the Board of Broadcast Governors. They are as follow: chairman, $20,000; vice-chairman, $18,000; the member, $17,000; a total of $55,000; and there is $16,000 in supplementary

estimates to provide for them for the period November 20, 1958 to March 31, 1959.

The next reply is supposed to be an answer to a question asked by the honourable senator from Toronto (Hon. Mr. Hayden). I do not know whether it will satisfy him. I believe he asked how many persons were employed in respect of work under Vote 711. The answer is that this work is done by contract and the figures are not immediately available.

The second question was, is the work done work which would have had to be done in any event? The work in the parks has been accelerated for purposes of combatting unemployment; and the amount of Vote 711 constitutes approximately the expenditure on this acceleration.

Another question was, is any of this money for the Trans-Canada Highway? The answer is that work on the Trans-Canada highway in the parks is provided for by estimates of the Department of Public Works.

Vote 713, honourable senators, has to do with the explosion in Ottawa. It provides for $200,000 which it is expected will be required up to March 31 next in connection with the repair of the Jackson building.

Hon. Mr. Crerar: Has my honourable friend an estimate of what will be the total cost of repairing the Jackson building?

Hon. Mr. Aseltine: The estimate is $898,281.

Hon. Mr. Hayden: Is it likely that there will be any reimbursement?

Hon. Mr. Aseltine: The honourable senator knows as much about that as I do. I understand that certain court actions have been taken. Just how they will come out I don't know. At any rate, the amount contained in this item is money which the Government expects to have to spend up to March 31 of this year on repairs to this building which was damaged by the explosion.

Hon. Mr. Hayden: On the question of reimbursement, I had in mind not only actions in the courts but the possibility that there may have been insurance. I was wondering whether there was insurance and what the proceeds will be.

Hon. Mr. Aseltine: The last item, Vote 714, of $110,000, has to do with the expenses of the visit of Her Royal Highness Princess Margaret to Canada.

Hon. Mr. Power: Is this a balance or the whole amount?

Hon. Mr. Aseltine: This is the total amount.

Hon. W. Ross Macdonald: Honourable senators, I think the honourable Leader of the Government (Hon. Mr. Aseltine) has answered our questions exceptionally well. He has had a very difficult day. He has dealt with and has been questioned on the expenditures of ten Government departments. I do not think we could expect any honourable senator to have complete knowledge of all these expenditures. I found in my experience in the House of Commons that it was only an exceptionally capable minister who had a good understanding of the expenditures of even his own department.

It occurred to me while all this questioning was taking place that His Honour the Speaker was patient indeed to allow it. I am going to suggest to the house that in the future it might be more helpful when dealing with supply bills if the Leader of the Government were to make a general statement first, followed by any remarks honourable senators might wish to make. All this would take place, of course, with His Honour the Speaker in the Chair. Then His Honour could leave the Chair and the house could be resolved into Committee of the Whole.

Hon. Mr. Crerar: That is a good idea.

Hon. Mr. Macdonald: At that stage the Leader of the Government could have with him in the chamber a Government official well informed as to the work of all departments, for the purpose of assisting the leader in giving the house the information it desired. The honourable Leader of the Government might perhaps consider this proposal before another supply bill comes to us.

Honourable senators, it seems to me that this afternoon we have been considering a lot of details which are more or less of minor importance. It is similar to not being able to see the forest for the trees, and the forest in this case represents a very large amount. However, the items which we are passing today are infinitesimal in size compared with the total amount which the Government is spending this year, which in turn is a greater amount than the Government spent last year. In fact, it is a greater amount than any Government of Canada has ever spent.

Hon. Mr. Roebuck: In war or in peace.

Hon. Mr. Macdonald: Yes, in war or in peace. If we go back to the fiscal year 1957-58 we find that the main estimates amounted to $4,826,600,000, but the amount actually spent that year was $5,088,800,000. The amount spent in excess of the estimates that were tabled for the fiscal year 1957-58, the supplementary estimates, totalled in all $261,200,000.

Honourable senators will recall that an election took place on June 10, 1957. At that time the expenditures were put in the neighbourhood of $4,800,000,000. The new Government came in and from the time it took

over in July, to the end of March, 1958, it had increased these expenditures by $261 million. However, that was last year and so it is past history. But what do we find this year? The main estimates introduced by this Government for the current fiscal year amounted to $5,178,800,000, which was an increase over the total expenditures of the previous year. But the Government did not settle for $5,178,800,000. Before this house adjourned last September the Government brought down supplementary estimates to the extent of $116,800,000. We thought that was the end of it but now we are getting near the end of February and we find further supplementary estimates being considered by us in the amount of $28 million. You may say, "Well, $28 million doesn't amount to very much." But it comes to a very large sum when we add it to the previous supplementary estimates and to the main estimates. It means that the Government will have spent this year a record sum of $5,326,600,000. That is a very large sum of money for a country with a population of 17 million people, especially when you realize that it is not the total governmental expenses of this country but only those of the federal Government. I have not had time to get the information regarding the expenditures of each province, but if we took into consideration the expenditures of the federal Government and those of each provincial Government we would find that Canada has probably one of the most expensive governmental systems in the world.

Hon. Mr. Reid: Plus the municipalities.

Hon. Mr. Macdonald: Yes, if the expenditures of the municipalities were added to the total it would be an even much more staggering one. Although we are not just now considering the estimates for next year we must remember that the present administration does not propose to cut down on its expenditures. The estimates that were tabled in this house just a few days ago for the fiscal year which will end on March 31, 1960 amount to $5,595,800,000. Those main estimates reach a sum which is $417 million higher than the actual expenditures for the full fiscal year of 1958-59. We can therefore take it for granted that there will be added to that sum of $5,595,800,000 a further sum of between $200 million and $400 million.

I mention these facts to point out that although we are considering the relatively small sum of $28 million today, we cannot lose sight of the fact that it is only part of a much larger figure. Expenditures for this year have reached a record high in the history of our dominion, with the prospect of breaking this record next year. At the same time there is a record high in the number of unemployed persons.

The honourable leader mentioned work which from time to time was being undertaken at this unseasonable time of the year in order to create employment. We have had many figures as to the number of unemployed people at the present time. They are not contradictory statements, but one branch of Government gives one figure, and another branch gives a different figure. The Dominion Bureau of Statistics gives the number of unemployed as of January this year as 538,000, but that is not a complete figure, because the bureau's statement starts off by stating that 538,000 are completely unemployed, but there are also 379,000 who are partly unemployed. So at any time there are more than 538,000 unemployed, because at the same time some of the 379,000 are unemployed. Some people say that all the 379,000 are at times unemployed. If that were so there would be 917,000, or nearly a million, unemployed in Canada at times.

The National Employment Service, another department of Government, gives a different figure. It states that the number registered for work is 775,658. If to that figure is added the people who are employed part time, some of whom are out of employment all the time, we have 1,154,658 people who might be unemployed in Canada at any given time during the month of January. I am not saying that one million people are always out of work in Canada. From the figures I have received from the Dominion Bureau of Statistics, and from the National Employment Service, it would be fair to say that there were probably 800,000 people unemployed in Canada every day during the month of January. I do not think that is an exaggeration; I think it is a fair statement when we consider that some people were not out of work all the time, whereas many were employed just a few days of the week, but 800,000 people out of work is a high percentage when it is considered that the total labour force of Canada is approximately 6 million people. It is a serious problem, and I hope the Government is giving grave consideration to it. Of course, added to the figures I have given there is also the number who have been thrown out of work on account of the cancellation of the Avro Aircraft contract. Just how many that involves, I cannot say, because again different figures have been given. The Canadian Press gives the figure at 9,100 at Avro, plus 5,000 at Orenda Engines, a total

of 14,100. Added to that—and this is a Canadian Press report:

A. V. Roe's suppliers employ an additional 15,000 persons. Thus the sudden development could put as many as 30,000 breadwinners into the ranks of the unemployed.

Hon. Mr. Pearson: May I ask the honourable gentleman a question?

Hon. Mr. Macdonald: Yes.

Hon. Mr. Pearson: Is that the actual number of unemployed at Avro suppliers, or is it just a surmise?

Hon. Mr. Macdonald: Well, this is an estimate given in a Canadian Press dispatch from Toronto; that is why I quoted it. I do not think there is any more reliable news service in Canada.

Hon. Mr. Buchanan: Did the honourable senator hear, though, that they had already taken on some more the following day?

Hon. Mr. Macdonald: I did read that, but that would probably reduce the numbers which I gave from 30,000 to 28,000. It is still a very large number, and to whatever the number is there should be added the number of unemployed I have already mentioned.

I have another statement before me, made by union leaders, which I took from the *Globe and Mail* of February 21, 1958. I think honourable senators will agree that that is a very reliable newspaper. The statement says:

The end project will affect 47,000 workers in 50 communities—

Honourable senators, my point is that the closing down of this plant has resulted in a great increase in the already tremendous number of people unemployed in Canada. While all this unemployment exists we are approving the expenditure of very large sums of money. I hope at lot of it will find its way into the pockets of the unemployed. At this time the Government has a very serious problem to face and we in this house have a serious responsibility. Before us are the last supplementary estimates for this year, and by passing this bill, honourable senators, we take the responsibility—because this is the last house it will have to pass—for spending this year by the federal Government, over and above the amounts which will be spent by the other governments in Canada, of a record amount of $5,326,600,000. That is our responsibility.

Hon. David A. Croll: Honourable senators, in this debate on the supply measure I want to talk particularly about unemployment and to indicate to the house that there is a steadily rising unemployment in this country. On January 17, 1959—this has already been stated here—the Dominion Bureau of Statistics gave the number of unemployed as 538,000. It arrived at this figure by taking a sample of 30,000 people across the country. On January 15 there were registered with the National Employment Service 775,658. Now, somewhere between the two figures lies the truth, and it is not comforting, because in these figures no account is taken of the part-time workers, the workers who work less than 35 hours, or those who have exhausted their benefits. So my honourable leader, in saying that there are probably 800,000, unemployed at one time or another, is nearer to the truth.

That is a larger figure than we had in the unforgettable 1930's. There are more people unemployed now and for a longer time than there have been at any one time before in the history of this country. The reason for it—there are a lot of reasons. I came across an item the other day that I think will strike you as interesting: General Motors and Ford Motors built last year 60,000 more cars than they did in 1957, with 33,400 less workers. Now you can appreciate what is happening: automation is here. And it is being felt.

I think one of the things this house should consider and give serious consideration to, is the making of a recommendation that the matter of automation be studied, its effect and what it will likely do in the future.

One of the things that is happening, and one we have to take notice of, is that the older workers are being re-employed last, and the cuts that were made during the recession are not being restored. I know that the Government is struggling with the problem and the Government says that it has undertaken a winter program in 1,511 municipalities which has been able to employ 25,000 workers. In the light of what happened last Friday to A.V. Roe, it seems that the 25,000 for whom jobs were found almost fade into insignificance—when you consider the wire to A.V. Roe, which I paraphrase to say that the development of the Arrow should be terminated now. That put on the street, by most estimates, nearly 50,000 people. Here we are today going through a supply bill, and we find that the Government is attempting to deal with winter employment in the national parks, there is a vote for Fisheries, a vote for Labour, a vote for the Forestry Branch. Yet we find by one thoughtless hurried action 15,000 people at the A.V. Roe plant in Toronto, 15,000 people who supply the A.V. Roe plant in the Toronto area, and suppliers through the whole Dominion of Canada to the extent of 20,000 workers, have had their jobs jeopardized. The best figure is approximately 47,000.

Hon. Mr. Aseltine: Not all these suppliers have lost their jobs. How many of them have?

Hon. Mr. Croll: The suppliers have to let off a couple of hundred here and a couple of hundred there.

Hon. Mr. Aseltine: Have they laid them off?

Hon. Mr. Croll: Of course they have.

Hon. Mr. Aseltine: How do you know?

Hon. Mr. Croll: I know. I know what happens in Toronto; I live in Toronto.

Hon. Mr. Aseltine: But these suppliers are not located in Toronto only, they are all over the country.

Hon. Mr. Croll: That is true, and these people in Toronto who have had to lay off now and are continuing to lay off—they don't amount to 47,000, but that is the estimate of those who will be laid off across the country. If the honourable leader has a better estimate let us hear it.

And so, honourable senators, when we get to the matter of unemployment we cannot be above the battle. Here are men—whether it is a hundred or 1,500 or 50,000—who are fighting for a livelihood. I have heard it said on many occasions by people who should know better. "Oh, all these workers are interested in is unemployment insurance." But I say here are men and women who want work. They feel that they and their industry have been abandoned and they are out of jobs in the most rugged winter we have had in this country in a very long time. So I speak today as an angry young man. You can question my youth but you cannot question my anger.

I can understand what was done with respect to A.V. Roe but I cannot understand how or why it was done. The Diefenbaker vision of a greater Canada has become a nightmare to thousands of Canadians, and the one who once claimed that no employable Canadian would be without a job has thrown thousands of them out of work without adequate warning and without the slightest vestige of planning for their reabsorption into the economy. At one stroke the Government has swept away the livelihood of possibly 50,000 people, destroyed the aircraft industry which has existed from crisis to crisis, paved the way for the mass exodus of skilled Canadian workmen to the United States.

And there was no attempt to cushion the impact of the Arrow cancellation. There was no prior consultation with the company, and none with the Ontario Government. There were no plans, no matter how tentative, to replace the cancelled contracts with other work. In making the announcement the Prime Minister took pains to point out there was nothing in the Arrow's place. He said so in the House of Commons. He told the 14,000 odd Arrow workmen, in effect: "It is too bad, but you are out of a job. If you are skilled workers, and I think you are, you should be able to get jobs in the United States."

Hon. Mr. Thorvaldson: Who said that?

Hon. Mr. Croll: There was no alternative plan; none was formulated because none was sought. The company did present a plan with six alternative proposals, but the Government just would not hear of it. And thus begins the great exodus to the United States. A single telegram of a few words pronounced the death knell of more than thousands of jobs. It did more than that, it pronounced the death knell of the last vestige of Canadian autonomy in the realm of military defence.

Hon. Mr. Horner: That started a long time ago.

Hon. Mr. Croll: Well, it has been helped a great deal by the recent action.

No wire sent by any government in Canada was pregnant with so much significance. If we are to take the Prime Minister at his word—and I see no reason why we shouldn't—from now on the military planes that will man our defence line will be American planes, and the nuclear warheads will come from across the border and will be guarded by United States forces.

Hon. Mr. Horner: May I ask from what the honourable senator is reading?

Hon. Mr. Croll: I am not reading, but referring to notes which I carefully prepared.

Hon. Mr. Thorvaldson: I thought it was a humourous essay he was reading.

Hon. Mr. Croll: I would not think you would appreciate humour, after hearing you a couple of times.

Hon. Mr. Roebuck: Do you think this is funny?

Hon. Mr. Croll: In other words, we can no longer kid ourselves that we are partners, junior grade, with the United States in the defence of North America. We are about to be integrated into the gigantic military complex of the United States. And unless the technical know-how of the A.V. Roe staff is quickly utilized before it is dispersed, the plant at Malton, and other plants as well, will stand empty and silent, monuments to futility.

We have been told that we now have the Bomarc, which belongs to the missile family.

I now reassert what I have previously said in this house, that the Bomarc is as outdated in the missile field as the Sabre is in the jet field, and for our purposes they are both useless. When the Arrow goes the Bomarc should not be far behind.

Hon. Mr. Horner: About as out of date as the honourable senator who is speaking.

Hon. Mr. Roebuck: I rise on a point of order. That is an offensive remark that should not be made in this house.

Hon. Mr. Croll: I take no offence from it. May I say this: The past is past; it is useless to thresh over old straw as to whether the Arrow was archaic or still had a role to play in military defence. That question will be argued by the experts for years. It is equally futile to open up old controversies as to whether Canada with its limited resources should have embarked upon such a costly undertaking at all.

I think what is important is this: Where do we go from here? What does the future hold, if anything? Can a partnership be restored that will give Canada a reasonable share of defence procurement? What is going to happen to A.V. Roe? If Mr. Crawford Gordon, President of A.V. Roe, was correctly reported, the Government declined to listen to a half-dozen alternative proposals put forward by Mr. Gordon and his officials. The press this morning reports it would appear that Crawford Gordon suffers from political B.O. There is no reason why the industry and the workers should be punished, because I am told it is not an inherited disease.

Yet the Prime Minister said yesterday in the house that consultations would be held, and they were held today. The question that arises in my mind, and should arise in the mind of everyone, is why were not these consultations held weeks and months ago? Why were they not held at a time when something could have come out of them, instead of leaving them until this late hour? It is not too late yet, for it is quite possible something might come out of them. But there was a time for these consultations.

The Government did not even wait for the March deadline that the Prime Minister himself imposed. What happened to cause him to act so quickly is hard to understand. Did he ask Washington for a share of the defence orders that would fill the gap if the Arrow were cancelled, and did Washington refuse? I think the Canadian people are entitled to know a great deal more than we have been told.

It has been rumoured that Canadair was to receive a portion of a contract on the DEW Line from its American principals, and that A.V. Roe would build a replacement for the Sabre. Both of these appear to have gone sour.

The gap could have been filled by meeting our needs in Europe where we have 12 squadrons, and where we need nearly 300 planes of some kind or another. Surely A.V. Roe could do that work under some sort of license, rather than have the Americans build and provide a substitute for the Sabre. It is admitted we have the know-how. We can do the job. It is just that we do not have the know-how to obtain agreement to supply the procurement that is necessary.

It is very well for the Minister of Defence Production to speak of Canadian companies tendering for American military procurement. They have been trying to do it for years. Surely now the Government and the minister must realize that in order for a Canadian contractor to succeed he must first penetrate the labyrinth of the Pentagon and by-pass the Buy American Act. He has got to outlobby the United States aviation and electronic lobby; he has to overcome politicians who are interested in the fact that there are five or six million unemployed in the United States. As I indicated in this house last week, a bid made by a British company, although almost 23 per cent lower than that of its nearest American competitor, was rejected because of the serious state of unemployment in Pennsylvania.

I think I have the right to remind the Government and honourable senators that another Government in another day, immediately after a war, had to meet the challenge of adjusting to a peacetime economy, and did so successfully. There is still time and opportunity here to undo the damage that has been done.

The statement indicates that the contract was cancelled for economic reasons. The company have persisted in this statement and they also assert that the Government has a letter from them to the effect that they would build the first hundred Arrows for $3½ million apiece and reduce the price of the second hundred. The Prime Minister quoted a figure of $7.8 million for each Arrow. I do not know where he got that figure. He may have very good grounds, but I think we are entitled to know where the figure came from. We remember that it was not so long ago when the Prime Minister spoke of diverting to Britain 15 per cent of the trade of the United States, and at the same time he was going to stand up and be counted in the matter of defending the autonomy of Canada. Grandiose words from a man who saw visions! We were told that Canada would be a partner,

an integral link in the chain of western hemisphere defence. The reality, whether or not we are prepared to admit it, is that we have been swallowed up by the giant to the south. Cancellation of the Arrow is a symbol of our reduced stature. The abysmal failure of the Ottawa Government to plan for the continued employment of thousands of Canadian workers, and the heartless way in which it has thrown A. V. Roe employees out of work, constitute a dismal page in Canadian history.

There are those who say that the Government showed real political courage in facing up to the situation in the manner it did. If that be political courage, I favour political cowardice, if it means a proper regard for the welfare of Canadians and a refusal to sacrifice them until all other means of avoiding disaster has been fully explored.

Hon. Mr. Thorvaldson: May I ask whether the honourable senator is arguing that the Arrow program should have been continued?

Hon. Mr. Croll: I did not argue that. I said that this was a decision made by the Government, that the method by which the program was discontinued is atrocious. I assert further that the plant is there, the people are there, and ample work could be provided for these people in the construction of a substitute for the Sabre, rather than to have the Americans provide it. We can do it, because we have the know-how. We might have to do it under licence, but the matter could be arranged. That is what I am saying.

Even Premier Frost of Ontario has joined in the chorus and asked for a consultation of those concerned, to take up the slack, as a result of this action. Today, I think, Canadian-United States relations have reached a new all-time low.

Hon. Mr. Horner: You are the only one who thinks so.

Hon. Mr. Croll: The honourable senator may think they are at an all-time high. My view is the contrary, because, for the purposes of defence, Canada is as important as the United States; perhaps, because of our geographical position, even more important. Yet in the field of military production we are to have little or no voice. We are entitled to a fair share of the military orders for defence procurement. Our skilled workers should not be forced into leaving Canada for the States.

Hon. Mr. Horner: May I ask the honourable senator this question: when the Government he supported was in power, why did he not insist on that policy when the DEW line was being built? Why did he not demand for Canada a fair share in the construction of those various lines in the north?

Hon. Mr. Croll: I understood that Canadians had a fair share of employment in the construction of the DEW line; that, while American money was being spent, our people were being hired.

Hon. Mr. Horner: You, as a Canadian, were not even allowed to visit the line.

Hon. Mr. Croll: I do not for a moment suggest that, under those circumstances, the situation was perfect, or that much could not have been said on our behalf at that time.

Hon. Mr. Macdonald: That is the condition today.

Hon. Mr. Croll: Unfortunately, conditions have been aggravated and are becoming worse. That is what I am getting at. I said that our skilled workers should not be forced into leaving Canada for the United States; their contribution toward the defence of America should be made here, on Canadian soil.

When it was suggested, some time ago, by public men in this country that Canada's role in the scheme of things was that of hewers of wood and drawers of water, there was a great hue and cry from many people, including the present Prime Minister. That observation, regrettable as it may be, has even more validity today than when it was made some years ago.

I do not minimize the vital and expanding role of the United States in the Western Alliance. On the shoulders of our neighbour rests much of the responsibility for the maintenance of world peace, uneasy though it may be. But that should not mean that the national interest of Canada has to be sacrificed. The much-vaunted western military unity is, as far as Canada is concerned, non-existent. We are hog-tied to the Americans.

The Arrow has passed into history. So have our hopes. The great dispersal will now begin to the United States. Those who cannot get across, or do not want to go, may be among the people who will be looking for this winter employment the Government is endeavouring to provide.

The Prime Minister in his statement has indicated that we should rely on the United States for defence. He has intimated that the United States has as much concern for our defence as we have ourselves, and he believes, in submitting this view, that we can retain our sovereignty.

I am deeply concerned with the harsh brutality of the announcement as it affects my neighbours who have been working at A. V. Roe. The decision not to proceed with the Arrow is the Government's to make, but why did it have to mean that without warning men walked home with tragedy in their eyes

and women became fearful of the future? Why could not this dire news have been spread over months so that men and women could plan? Why could the contract not have been gracefully terminated? I think the answer lies in the Government's detachment from the people and in its arrogance. There could be no doubt that the outraged voices of the people came as a shock to the Prime Minister this past weekend. No Government can still fulfil its role as the spokesman for the people and possibly be ignorant of the people's sentiments or, knowing, not care. That is where the arrogance showed. Puffed with the pride derived from electoral landslides the Prime Minister has shown a tendency—and some of his colleagues have shared it—to forget who it was who created those landslides for him, and to forget that the final importance is that of the common people.

Hon. John T. Haig: Honourable senators, this is the first time I have risen to speak this session. I feel I may not be as physically strong as I would like to be but I want to say just a few words.

I have listened this afternoon to the remarks of the honourable Leader of the Opposition (Hon. Mr. Macdonald) and the honourable senator from Toronto-Spadina (Hon. Mr. Croll). I don't know what their remarks meant to the rest of the house, but here is what they meant to me. The honourable Leader of the Opposition said there were large numbers of unemployed, but he also said and emphasized very strongly that tremendous sums of money were being expended in this country. He said that it was the greatest amount ever spent by any Government of Canada, or words to that effect. Well, I read the speech made yesterday in the House of Commons by the Prime Minister, and I want to say to the honourable senator from Toronto-Spadina that he could never read a better speech on any subject. Anybody who has read that speech knows why John Diefenbaker was elected Prime Minister of Canada. I read the speeches made by other members in the House of Commons yesterday, and there was no comparison between their speeches and that of the Prime Minister.

The fact is that we were spending millions of dollars a year building an instrument of war that would be of no use in modern warfare, and yet these members were asking the Government to continue with this program. If we were to continue with this project it would eventually mean a breakage for this country. It is true that we are all sorry to see men in Toronto or in any other place put out of a job. Each one of us is sorry. We were not brought up under such conditions that we could feel otherwise. But I want to say that the Canadian public at large is disturbed about the demands that some people are making day after day to the effect they have got to be taken care of by the Government. This sort of thing is disturbing to the people who have to pay taxes all the time and who are struggling hard to do so.

We have reached a crossroads. Our problem is to sell our goods on the world market, but we can't do so now because the cost of producing our goods is greater than production costs in Germany, Japan and other countries in Europe and Asia. We just can't compete with their exports at the present time and under present conditions.

My honourable friend opposite says that the United States will do something. Well, the United States has got to do everything, whether she wants to or not. It is not a question of whether she will do it. She has got to do it. If you are sitting in your house and you hear a gang of 50 hoodlums attacking your next-door neighbour and you expect them to attack you next, you telephone the police or all the friends you can get to come to your assistance. You don't just sit there and let the hoodlums thrash the fellow next door and then come over to thrash you. The United States is in that position. That is why it put up all the money for the DEW line, and that is why it is going to put up money every time. It is for its own protection. So would you and so would I. Not for one moment do I stand up in Winnipeg and tell the people to stop paying taxes because I don't think we need to spend any more money preparing for war. This is not because I am a Winnipeger, but because I am a Canadian and I want all Canadians to have the same protection as I want for myself. I know if we don't get it we will go down. That is the situation we face.

The Prime Minister was absolutely right in his speech yesterday. Every person in this house has known for the last six months —and if he has not known he has been stupid—that the contract with the A. V. Roe Company was going to be terminated, that the Arrow was getting out of date and not keeping up with world armament developments. They knew there was going to be a second-class show. We all knew it. It was only a question of time. The Prime Minister said on two or three occasions, "I will let you know sometime." Neither the Prime Minister nor anybody else in authority would say that if he were not thinking seriously about it.

Honourable senators, I am disappointed that a man of the ability of the honourable

gentleman from Toronto-Spadina would get up and suggest what he has suggested today. We are truly sorry for the hardships these people may encounter and we have pity for them, but the honourable senator did not suggest any alternative. Neither did the honourable Leader of the Opposition. He deplored the spending of some $5 billion by the federal Government, but he did not make any suggestion as to what we could do to meet the situation. We are living in a world that is changing every hour and every minute, and we have got to meet the changing conditions. But we are only a country of 17 million people living in a vast territory lying next to the greatest nation in the world, Russia, the one that we are afraid of.

Hon. Mr. Macdonald: May I ask the honourable member a question? He stated that I did not suggest any way to meet the problem of these great expenditures.

Hon. Mr. Haig: I think you ought to.

Hon. Mr. Macdonald: Do you think it is the duty of the Opposition to govern the country?

Hon. Mr. Haig: Well, I think the Opposition should tell the people of Canada what it would do if it were in power. I think the Opposition should state this every day in the Senate and the House of Commons and every place else.

Hon. Mr. Burchill: You wouldn't when you were in opposition.

Hon. Mr. Haig: Everybody knew—and if they didn't they were deaf and dumb—what John Diefenbaker would do if he got into power. It was made clear during the last seven or eight years that he was going to carry out a certain policy. We all knew it. We were not a bit surprised at what happened in the election of 1957. I had a little surprise in the 1958 election, but my forecast was only four seats out for the whole of Canada. I even gave my forecast to the president of the Monarch Life Assurance Company in Winnipeg, and he has that record.

Hon. Mr. Macdonald: You knew then that the Arrow contract would be cancelled?

Hon. Mr. Haig: I was sure when I heard the matter being discussed six months ago that the Arrow would go down, for I felt that the inventions the Russians were producing would compel the United States to produce similar ones, and those weapons were making the Arrow obsolete. If you can fire a missile in the United States a distance of 300 miles with a high degree of accuracy, your aeroplane is useless. We have got to do what the Russians are doing. They keep making inventions from time to time to meet these situations. The United States is doing the same thing. That country does not want to protect Canada, but it is obliged to do so in order to protect itself. Do you mean to tell me that if the Russians, with the military and other forces they say they have, could land on the Prairies in Canada they could not get to the United States and annihilate its people? The United States is aware of the danger. I am no American, I am a Canadian. My grandparents came to this country from Scotland 126 years ago and our family has been here ever since. We are proud to be Canadians, but I also hope that I am sensible enough to realize what other people will do under the circumstances.

Hon. Mr. Macdonald: Should we rely one hundred per cent on the United States and do nothing ourselves?

Hon. Mr. Haig: If I were in the United States I would be talking as hard as I could to get into Canada to protect this country and to stop the Russians from coming here, because if they get to Canada they will also get to the United States. It is human nature to protect yourself.

Honourable senators, I am disturbed by the argument put up about the cost of defence. That the Government is spending too much money may or may not be true. The point is this, as far as I am concerned, that I know what the Prairie provinces need in the way of help to meet the unemployment situation, and when the Government does its best to meet the situation I am not going to object. I realize we are getting to the end of the road and that we all have to stand together to try to meet the problem. However, it will never be met by speeches like that of the honourable Leader of the Opposition or of the honourable senator from Toronto-Spadina. All one has to do is to read the speech made by the Prime Minister to realize, whether we like it or not, that he earnestly believes that what he is doing is right, and I am convinced that the people of this country believe that he is trying to pull us out of the difficulty. He may not succeed, and I am not saying that he will, but he is trying to do so, and I feel that the less we tantalize and protest against the Government about things we cannot put right ourselves, and unless we in the Senate can suggest something better—

Hon. Mr. Macdonald: Just do away with the Opposition.

Hon. Mr. Haig: I don't care about the Opposition, it does not worry me a bit. As far as the House of Commons is concerned, the people did a pretty good job last spring. And they will do it again, don't worry. I know

my town. The city of Winnipeg is an ordinary city with ordinary people in it, but I find that those people have the same thoughts on the matter, and I am not afraid of that.

Hon. Mr. Macdonald: There is one who is very extraordinary, and I say that with all sincerity.

Hon. Mr. Haig: I did not interrupt my honourable friend: I was very careful not to say a word. I sat in the seat that the present Leader of the Opposition (Hon. Mr. Macdonald) occupies longer than any other man who ever sat in the Senate chamber.

Hon. Mr. Roebuck: You will be back.

Hon. Mr. Haig: I know all about it, what a cold and dismal place it is. I used to look across here and say, "I should like to be over on that side", but I had to sit over there year after year, election after election. I say to the Leader of the Opposition, it is a hard dose to take, but you will get used to it.

Honourable senators, I agree with the Leader of the Opposition on one question. I think he should have gone further in his suggestion about consideration of the main estimates when they come down. I think we shall have to urge on the House of Commons that it get the supply bill through at an earlier date for us to consider, not in the last week or ten days of the session. Under those conditions it is pretty nearly impossible to give proper consideration to the bill. If the budget is brought down in March, it can be debated in April in the other place, the estimates can be passed and sent to us, and then we would be given an opportunity to study them. I have no objection to the Opposition saying what should be done and how certain things could be handled better. That is its duty. I merely want to say that we are doing the best we can.

Hon. Mr. Macdonald: You have a hard job.

Hon. Mr. Haig: All of us should be given an opportunity to express our opinions on the estimates. That is most important. Some of us may want to talk about wheat. If I were even to mention wheat the Leader of the Government here (Hon. Mr. Aseltine) would banish me from the party. Senators from Prince Edward Island know all about fish, as do senators from Newfoundland. Senators from British Columbia know about fruit and vegetables, the tourist trade, and also about fish. The senators from every province are specialists on certain subjects. The point I am making at the moment is that I go along with the Leader of the Opposition in his suggestion that a longer period of time be given to us to consider the estimates. I would like to see the estimates here by May 1, and then we would have lots of time.

Hon. Mr. Aseltine: You are an optimist.

Hon. Mr. Haig: No, I am not an optimist; I think the Government can do it.

Honourable senators, I did not intend to speak this afternoon, but I wish to say that I am very disturbed. I do not see how honourable members of this house could try to dispute what the Prime Minister did the other day. I think it was as hard a decision as a minister could make. You could read it in his words, and see it in his actions, but he knew that the decision had to be made. The former Minister of Trade and Commerce, in an interview in Toronto, admitted that that thing was always possible. For these reasons I think that this matter should not be brought up in this house, but if it is we are ready to talk about it. All we have to do is to read the Prime Minister's speech, and we shall know all about it.

In conclusion, let us as senators suggest to the Government things that can be done as we see it, within reason, according to our knowledge of life, and not for some political reason. Let us cut out the political part. I have had a great deal to do with elections, and I followed the election of last year with a great deal of interest. I do not think the view of the Senate, or even of the House of Commons, had very much to do with the election. Other things seemed to guide it. However, this house can guide opinion in great matters. Among the great contributions made by the Senate was the work done some years ago by the special committee on the Income Tax Act. It was one of the high marks of legislation passed in this dominion. Let us forget our politics, and sit down and make great contributions of that kind. I suggest that that is the spirit in which we should work on the estimates, when they come to us.

Hon. Jean-François Pouliot: Honourable senators, as a red-blooded Canadian I disagree entirely with the statement that has just been made by the honourable gentleman (Hon. Mr. Haig) that the Russians are the greatest people in the world.

Hon. Mr. Horner: He did not say that.

Hon. Mr. Pouliot: He said it, I heard it.

Hon. Mr. Horner: No, no, he didn't.

Hon. Mr. Pouliot: What I want to say in reply is that the greatest people in the world are the Canadian people, of whom the honourable gentleman is one.

Now I must say, whether he believes it or not, the honourable gentleman is much more impressive when he smiles than when he

frowns, so I will give him an explanation of the delay in sending the estimates to the Senate. We did not receive the supplementary estimates before now because the Prime Minister of Canada was busy, from the beginning of the session, preparing the most magnificent speech that he has ever delivered, about the Avro plane. That took all his time and he did not have a single minute to spend on the supplementary estimates. His speech was beautiful but the estimates were late, so the honourable senator cannot complain on that score.

The honourable gentleman was for a moment in a smiling mood, just as the sun sometimes shines briefly between the passing clouds. I wonder whether if the Prime Minister had made a speech in favour of maintaining the Avro contract the honourable gentleman would not have found it still more beautiful. Then he would have shown what a strong supporter he is of his party, by approving his chief for saying yes, just as he has approved him now for saying no. That is fidelity to the party.

I have something further to say and I wonder if I should continue now or adjourn the debate until tomorrow.

Hon. Mr. Aseltine: I would like to go on with second reading of the bill. I think we shall be sitting tonight.

Hon. Mr. Pouliot: I am always ready to comply.

Hon. Mr. Aseltine: If the honourable senator wants to say anything on the bill he can do so on third reading.

Hon. Mr. Pouliot: No, I will say it now. It won't take long.

Hon. Mr. Roebuck: Why not adjourn the debate now and finish your speech tonight?

Hon. Mr. Pouliot: No, I can finish it now. We are late—it is a quarter to six—in discussing this bill. It is not the fault of the honourable Leader of the Government (Hon. Mr. Aseltine) nor of the Opposition, it is because of the kind of supplementary estimates that have been sent to us. As a rule there is attached to the estimates a schedule showing the details of each item. So careless was the preparation of these estimates that the honourable Leader of the Government had to give from his seat all the detail that we should have found in a schedule to the bill. I wonder if the honourable Leader of the Government will convey that constructive criticism to whom it may concern, in order that when the future estimates are prepared they will be more in accordance with good parliamentary practice. It was impossible to understand anything in those estimates before having the explanation by the honourable Leader of the Government. That is ridiculous, it is absurd. If the details had been shown in a schedule as part of the bill we could have seen immediately how the money was to be spent and we would have saved a lot of time in debate. I may say there was a similar situation in the House of Commons.

Moreover, honourable senators, I do not understand the rush to pass this bill. Three weeks ago the Leader of the Government in the House of Commons, in reply to a question from the Opposition, said that the Government was not in a hurry to have the bill passed. They went at it as with an eye dropper, they took their time, and yet when it comes before the Senate we have to rush everything because there is a hurry for it. I protest against this.

Honourable senators, I have some other things to say but rather than adjourn the debate I will wait until third reading to say them.

Hon. Mr. Reid: Honourable senators, I wonder if we could call it 6 o'clock. I have some extended remarks which I would like to make on Vote 697 this evening.

The Hon. the Speaker: It being six o'clock, I will leave the chair until 7.30.

The Senate adjourned until 7.30 p.m.

At 7.30 p.m. the sitting was resumed.

Hon. Thomas Reid: Honourable senators, my chief reason for speaking at this time is to say something about Vote 697, for freight assistance on western feed grains. I rise particularly on this occasion, following the remarks of the honourable Leader of the Government (Hon. Mr. Aseltine) when he spoke last in the debate, and quite extensively, in regard to the Crowsnest Pass rates. Seeing that there are many new senators who probably have not heard the story, I thought I had better keep the record clear and bright as to what really happened, and point out the great injustice we have suffered right from the passing of the Crowsnest Pass legislation.

British Columbia has long been fighting this case. Although nothing has been done up to the present time to cure the injustice, I take some heart after having read the life of a former member of Parliament in Britain who for 40 years persisted in his struggle to prove a point and ultimately won out. His name was Plimsoll, and he advocated that all deep-sea ships, especially during the winter, should be so marked that when being loaded they would not go below a certain line. The practice of marking ships for

that purpose has now become very common, and on all ocean-going vessels today one will see what is called the Plimsoll line. The point is it took that member of Parliament 40 years to bring his idea into effect. So, after I read the *Life of Plimsoll* I said: We in British Columbia have suffered about the same length of time; perhaps if we keep up our struggle we may yet receive some of the justice we believe should be ours.

Generally speaking, when some persons speak of the Crowsnest Pass rates they talk about the mountain differential. Let me say to honourable senators, especially to those who are new in the Senate, that the mountain differential applies to only one railway, the Canadian Pacific. After the building of the Canadian Pacific Railway the Canadian National, first known as the Canadian Northern, was built. I say without fear of successful contradiction that the railway line from Edmonton to Vancouver via the C.N.R. route is the most reasonable grade in the whole of Canada. There is no mountain differential on that line. Its grade, being a half of one per cent right through from Edmonton, is an easier grade than that on the line going into Fort William, or on most sections of the Prairies, or in many areas of the province of Quebec. So I wish people would cease thinking and talking about the mountain differential to British Columbia, thereby giving the idea that before the railway gets into that province it goes up over the mountain and then down; as well as the idea that it was very costly to build and that therefore the people in the coast area should pay a higher freight rate.

In regard to railway building costs, I may say it was more expensive to build the C.P.R. into Fort William and certain parts of Quebec than to build the C.N.R. into British Columbia.

May I also say this—and I am not being boastful in any way—that I know whereof I speak. Back in 1933 I had the honour and privilege to appear on behalf of the Province of British Columbia—even though I am not a lawyer—before the Board of Transport Commissioners. As the late Prime Minister Bennett said in the House of Commons in answer to the late Senator Gerry McGeer: Reid, the Member of Parliament, obtained a better judgment for one-fiftieth of the cost paid by the Province of British Columbia to Gerry McGeer.

So when I begin to speak about freight rates I think I should let honourable senators know that I have some knowledge about the freight-rates question. One thing that is part and parcel of the old record, and stands out clearly today is that the C.N.R. has a lower grade into British Columbia than anywhere in the whole of Canada. But of course the C.P.R. has always been used as the yardstick for rate setting.

I have before me figures showing the difference in costs. What we greatly object to is that the railroads charge entirely different rates on wheat and grain of all kinds according to whether they are brought into the province for the farmers of British Columbia or are destined for export. If the grain is to be exported the charge per hundred pounds is 20 cents; if it is for local use the present charge is 78 cents per hundred pounds by one railroad, from Edmonton, and 70 cents per hundred pounds via the C.P.R., from Calgary.

Hon. Mr. Roebuck: What are the mileages?

Hon. Mr. Reid: Roughly the mileage via the C.P.R. is, I believe, 750, or 140 miles shorter than the Canadian National. The first route through the mountains which was chosen was via what is called the Yellowhead Pass. The C.P.R., however, chose instead the Kicking Horse Pass, which was some 140 miles longer. Later, when the Canadian National came into the picture, it adopted the Yellowhead route, which, even though longer, has a grade of only a half of one per cent, whereas that through the Kicking Horse Pass is 2.2 per cent. As a matter of fact, whereas it may require two or three locomotives to move a certain number of cars through a section of the Canadian Pacific route, on the Canadian National grade a train of the same size and weight can be drawn by one locomotive. It cannot, I think, be too often reiterated that no undue difficulties or expenses were involved in building the Canadian National to the coast. In fact, the outlay on the construction of the road to Churchill was much heavier than that of the Canadian National through the mountains.

I see an honourable senator opposite smiling. Well, he may smile, but he cannot dispute what I have said. Perhaps we shall welcome some remarks from him later on. But to illustrate the strange way this thing works, let us suppose that, of two cars in the same train, one contains wheat for export and the other contains grain for the use of our farmers in British Columbia. For the grain in the first car the railroad charges 20 cents per hundred pounds, and for the contents of the following car the charge is 78 cents per hundred pounds. An organization to which I belong, the Surrey Co-Operative Association, which buys every year some five to six million dollars' worth of grain from the Prairies, often has the experience of being compelled to pay, for part of the wheat taken out of a car in Vancouver the contents

of which were carried for 20 cents per hundred pounds, an added difference of 50 cents or 78 cents per hundred; and until recently even for screenings which had been removed from cars of wheat for export on which 20 cents per hundred pounds was paid because it was destined for abroad, 78 cents per hundred pounds. If there is any sense or justice in exacting as much as that for wheat or cleanings I should like to hear someone get up and champion that kind of thing. It is a practice from which we have been suffering for the last 40 years.

What I say may not please some honourable senators, but I realize that we have made no headway in this matter because there have not been enough members of Parliament and senators from British Columbia to plead our cause. Let me add, though, that I am not blaming this Government in particular for what has been going on for 40 years. But it is a well-known fact that the three Prairie provinces have a great number of members in Parliament—and numbers of members count these days. I might warn the present Government about what happened in past years to the Liberal Government. There were some years when we almost gave the three Prairie provinces the entire exchequer, but this didn't bring back very many Liberal members. It seems that you just can't buy votes on the Prairies. You may think you can, but in the last few years the Liberal Government proved otherwise, for although we gave the three Prairie provinces millions of dollars in subsidies we didn't get too many Liberal candidates elected from there. As a matter of fact, at one time we had only one Liberal member from Saskatchewan, in spite of all the money grants we gave them.

Hon. Mr. Hugessen: They won't stay bought.

Hon. Mr. Reid: Apparently not.

Hon. Mr. Aseltine: How about wheat grain assistance?

Hon. Mr. Reid: We come now to the assistance that the Government has given. It has been fairly generous in regard to freight rate assistance. It has given all provinces freight assistance. The assistance given us now on the C.N.R. amounts to this. On 100 pounds we pay 78 cents and the Government pays 43 cents. On the Calgary route we pay 70 cents per 100 pounds and the Government pays 43 cents by way of assistance. Over the years this has amounted to considerable sums of money, but we are always afraid that some Government some day will cut this off. We would rather see the rate adjusted to the rate for export. We maintain we ought not to be penalized. If what we are paying is a reasonable sum for the railways to charge, which is 78 cents per 100 pounds, then I maintain we are subsidizing the Prairie farmers to the extent of almost $100 million a year in freight assistance due to losses incurred by the railways. That argument is fairly sound. If this rate of 78 cents per 100 pounds is a fair rate to enable the railways to transport our wheat profitably, and they are only charging 20 cents per 100 pounds from the Prairies to points in British Columbia—and we exported something like 290 million bushels last year—then it seems logical, although it has not been pointed out too often, that the people on the Prairies are being subsidized to the tune of nearly $100 million a year with respect to freight rates on grain grown for sale outside those provinces.

I draw the attention of the Government to this fact and I am hoping that some day something will be done about it. The railways have never been able to prove exactly how much it costs to haul any commodity. They have been asked this many times when appearing before the Board of Transport Commissioners but their experts have been unable to say exactly what it costs to haul grain. The Province of British Columbia has spent hundreds of thousands of dollars in legal fees and on other assistance in coming to Ottawa to appear before the Board of Transport Commissioners and, formerly, the Board of Railway Commissioners. We have appealed to these boards without making any headway in regard to the inequity I have just pointed out of 20 cents on export shipments as against 78 cents that we are called upon to pay on local shipments.

British Columbia has long been the best customer for Ontario and Quebec, particularly Ontario. We have bought more from Ontario than any other province in Canada, yet Ontario and Quebec have never interested themselves one bit in our appeals. If only we could get them to join with us when we go before the board and before the Government I think we might get somewhere. But, no, they remain aloof. They tell us, "Oh, we are not much interested; freight rates don't interest us; we have water transportation, and we have trucks, and trucks keep the fares or rates down." So they do not come near, with the result that the battle has been carried on principally by British Columbia and Alberta. At times Saskatchewan has joined in, but this has just been the odd time. Manitoba, of course, is too far east, so it just looks on. Personally, I should like to see all the provinces join in an appeal. When the two main provinces keep out, the Government is liable to say, "Oh, there are only 21

members in British Columbia, and if we don't elect them all it does not matter very much."

Hon. Mr. McDonald: What volume of feed is involved?

Hon. Mr. Reid: It came to British Columbia at the 20 cent rate last year. It is roughly 130 million bushels—18½ million bushels went through Churchill and 120.8 million bushels went through the St. Lawrence. Those are the latest figures I have.

Hon. Mr. McDonald: Has my honourable friend any information about the increase in the price of grains, which I think amounts to $2 a ton? Will that affect our freight rate on feed grains?

Hon. Mr. Reid: I believe it will affect it, especially since intimation was given the other day that the Wheat Board had raised the price by 5⅞ cents a bushel, with the price of flour per 100 pounds, according to the National Council of Baking Industry. In some places bread went up one cent a loaf owing, it was stated, to the increase in the price of flour. The spokesmen for the industry tell me that the increase of 5⅞ cents a bushel, if applied to the domestic market price, would increase the cost of flour by only 13.6 cents per 100 pounds, and the increase reflected in the price of bread would amount to one-tenth of a cent a loaf. This increase in the cost of flour cost would amount to $2 million for the baking industry as a whole, but a one-cent increase in the price of bread would yield the bakers $12 million. I trust the Government will keep its eye on this, in view of the small increase of 5⅞ cents per bushel. Already we hear of the price of flour and bread going up.

Hon. Mr. Higgins: What does the honourable member mean by the subsidy of 78 cents to which he has referred? Does the Government pay 43 cents?

Hon. Mr. Reid: Even if the Government pays the 43 cents it is subsidizing both the east and the west, Quebec, Ontario, and British Columbia.

Hon. Mr. Higgins: Do you mean everything carried on the railways?

Hon. Mr. Reid: Everything in grain is subsidized by the Government, and all the provinces receive help toward the purchase of grain.

Hon. Mr. Higgins: We in Newfoundland get no subsidy, although we buy about $100 million of commodities yearly from Ontario alone, and we have to pay extra freight rates on account of distance. The further east you go the higher is the rate, and we, being the farthest east, pay very much, more than the people in Ontario or Quebec, or in the nearer places. I am wondering how you in the west came to have such great influence as to be able to get so large a subsidy.

Hon. Mr. Reid: Oh, but you receive as much. Wait a moment and I will show you what Newfoundland and the other provinces are getting. If you sit down I will tell you, but I cannot tell you while you are on your feet speaking.

Hon. Mr. Higgins: You said British Columbia has only a few members at Ottawa, and that if you had more members you would have better prospects. I was wondering how many members you have.

Hon. Mr. Reid: The official railway charge for hauling grain to British Columbia is 78 cents. We are getting subsidized to the extent of 43 cents. You will be surprised to hear what Newfoundland is getting in subsidies —it is getting much more. Here are the figures per ton: Ontario, the average is $4.91 to $5 per ton; Quebec, $6.53 to $8.81; New Brunswick, $9.21 to $15.70; Nova Scotia, $10.22 to $17.10. The amount of $17.10 is the latest figure I have. Prince Edward Island, $10.08 to $17.10. Now, listen to this—Newfoundland, $21.37.

Hon. Mr. Higgins: Oh, you are referring to feed grains only? I should like to hear figures on other items.

Hon. Mr. Reid: For British Columbia it was $6.99 per ton and it is now $8.44. Those are the average figures of assistance. Since 1941 it has cost the Government or the people of Canada something like $290 million for freight assistance. We, however, are somewhat afraid of where our economy is going, and that there might well be a cutting down on freight assistance. Even with the freight assistance we are getting it works out at a much higher cost than the 20 cents per 100 pounds—it costs us 34 cents to bring our wheat and our grain in from the Prairie provinces. We have suffered a great injustice, and I am hoping that some day we may be able to clear this thing up for the benefit of all concerned. We are great purchasers of grain from the Prairies, and considering the way our markets are going we had better look to see if within our own country we can use more of our home-grown grain, rather than pile it up on the Prairies.

Honourable senators, I make no apology for bringing this matter before the Senate.

Hon. Mr. Taylor (Westmorland): Honourable senators, referring to Vote No. 697 may I ask the honourable Leader of the Government for further information in connection

with the amount of $2,500,000? If I understood the honourable leader correctly, $2 million of that amount was to cover the increased amount of grain being shipped to the various provinces and $500,000 was to cover the increase in freight charges, I presume, resulting from the 17 per cent increase in freight rates allotted the railways. The question I would like to ask is this: Does the $500,000 cover the total increase or only a certain proportion, and if so what proportion?

Hon. Mr. Aseltine: The information that I have here deals with the final result. If a 100-pound bag of feed was shipped it would cost approximately the same price whether delivered in British Columbia, Ontario, Quebec, or the Maritimes. The Government has set aside this $500,000 to take care of the increase in the freight charges. That is all the information I have.

Hon. Mr. Taylor (Westmorland): You are not sure whether that covers the total increase or only a proportion of it? Is it your understanding that it covers the total increase?

Hon. Mr. Aseltine: I don't think I have information on that point. The purpose of this $500,000 is, as I said, to equalize things so that the people in the Maritimes don't pay any more than the people in British Columbia for a 100-pound bag of feed.

Hon. Mr. Taylor (Westmorland): I wonder if the honourable leader might get that information.

Hon. Mr. Aseltine: I will try to give you that information on third reading.

Hon. Mr. Smith (Kamloops): Honourable senators, I wonder if the honourable leader could give me some information in regard to Vote No. 698, which makes provision for a fund to make payments to western grain producers of $1 per acre, up to a maximum of 200 acres. In some places throughout the Prairie provinces there are community operations where for the purpose of marketing they are operated as one farm, with one marketing book, and when it comes to this assistance they have been broken down. Does that account for some of the increase of 8,000 additional farmers?

Hon. Mr. Aseltine: Every farm unit, if it qualifies, is entitled to a quota for that unit. In order to qualify as a complete unit a farmer must have his farm machinery and equipment and all that kind of thing, but in this case a great number of individuals have not yet applied for their quotas, and other farmers who are entitled to quota permit books had not applied either, because they had fed their grain. The purpose of this provision is to equalize the whole situation and give everyone who has a right to a permit book the right to the $1 an acre, up to $200. Every case is scrutinized very carefully. That is the cause of the delay and the real reason why a number of farmers have not yet received their money.

Hon. Mr. Isnor: Perhaps I may be out of order in saying so, but if the honourable Leader of the Government had answered an inquiry which I have had on the Order Paper for about 10 days he would have been able to answer the honourable senator from Westmorland (Hon. Mr. Taylor).

Hon. Mr. Aseltine: I may inform the honourable senator that after we adjourned this evening at 6 o'clock I received the answers to his inquiry, and I shall be glad to give them to him tomorrow.

Hon. Mr. Isnor: Could the honourable leader place them on the record this evening, so that the question asked by the honourable senator might be answered now?

Hon. Mr. Aseltine: I do not have the answers here.

Hon. Mr. Isnor: I think those answers will give a pretty clear picture of the situation as it affects the Atlantic provinces. After having placed the questions on the Order Paper I did a little figuring myself, and I am wondering how close I have come to the answer to the last question. I would say that the total increase in cost to the people of the Atlantic provinces will be close to $400,000.

Motion agreed to and bill read second time.

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

Hon. Mr. Aseltine: Tomorrow.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY— DEBATE CONTINUED

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

(Translation):

Hon. Cyrille Vaillancourt: Honourable senators, my first words will be for the Queen, to whom I wish a long life and a happy reign. Every year our gracious sovereign broadcasts a message to her kingdom and to all the peoples of the commonwealth. These last few years especially, she has always concluded her remarks with an appeal to

harmony in the home, for she knows full well that there can be no peace and happiness in the nation without love and harmony in the home. That is why in the message she broadcast on December 25, 1958, she said:

—it seems to me that Christmas is just the time to be grateful to those who add fullness to our lives.

And she added:

Even so, we need something more. We all need the kind of security that one gets from a happy and united family.

What nobility, what highness of purpose! Let us hope that the Queen's wish will come true, not only within the homes and in the great commonwealth family, but also in the whole world. When she comes to Canada, in a few months, for the official opening of the St. Lawrence Seaway, how happy we will be to welcome her!

Mr. Speaker, over the last twelve months, you have had several times the honour of representing Canada. You have always done it with dignity and, in Brussels, I am told, with splendour. If you have been so honoured it is no doubt because you are an honour to us.

The honourable senator who proposed the Address in reply to the Speech from the Throne (Hon. Mr. Pearson) was most interesting when he gave us the history of his province. Other senators after him also talked of their provinces, of their particular areas, of their bailiwicks, whether in the West or in the East. I do not need to describe my province of Quebec. Just the same, when you travel from East to West or from West to East, you should stop at the place where East and West meet, Quebec, and you will see that, though the people who live there have a culture which differs from the Anglo-Saxon culture, this other culture only makes for greater harmony within Canada. In both East and West there are marvellous landscapes to see; but if you stop in Quebec you will find that, there, nature has been most lavish.

What can I add to the congratulations already offered the honourable senator from Ottawa East, who seconded the Address in reply to the Speech from the Throne (Hon. Mr. Choquette)? I heard my colleagues expressing their admiration upon hearing the senator for Ottawa East speak in both languages with equal fluency. Personally, while listening to his speech, without any feeling of jealousy, I could not help envying his eloquence.

I want to welcome our new colleagues. I am sure that by their talents each, in his own field, will help to clarify or specify many a point of law.

(Text):

And, I would like to say to you, Mr. Leader of the Government (Hon. Mr. Aseltine), I hope you will continue to have your broad smile.

(Translation):

To the leader of this side of the house (Hon. Mr. Macdonald) I wish a long life. I also want to assure him that it is a pleasure to co-operate with him and to help him.

There is a short sentence in the Speech from the Throne which has already been quoted by several senators. This short paragraph, which is about inflation and the recession reads as follows:

(Text):

They believe that as recovery proceeds there will be increasing need for care to preserve the stability and purchasing power of our currency.

(Translation):

I do not intend to discuss economic inflation as such, for the subject has already been dealt with often by economic experts, especially by the honourable senator from Inkerman (Hon. Mr. Hugessen). Moreover, there will perhaps be other opportunities for discussing the problem during this session. But I would like to call attention to one particular case. The Government is voting millions to further encourage housing construction. Unfortunately, however, construction costs have increased nearly 20 per cent over the last two years, which means that the $250,000,000 voted this year are worth no more than $200,000,000 two years ago.

In order to remedy the very high cost of housing construction, construction co-operatives have been and are being set up in some sections of the country. I have more particularly in mind what is being done in Quebec, because I know the picture there. To make a success of their work, housing co-operatives in Quebec need money and, with the help of the *caisses populaires,* (credit unions), they find the neecssary funds without applying for help from the Government. The Quebec *caisses populaires* have loaned $300 million for building purposes.

It is therefore the Government's duty to help these co-operatives as much as possible and to protect them against the envious who, although they may not want to see them disappear altogether, would like to prevent their growth and development, even at the expense of progress.

Besides economic inflation, there is another kind of inflation which is just as serious if not more, because it affects the whole human being: it is the inflation, spreading throughout the world, of criminality and immorality. Speaking in the other house recently, the honourable Minister of Justice wondered how

he could, in short order, settle the problem of lack of space in our penitentiaries. It will cost hundreds of millions to build the necessary premises to house our criminals. And this is the atomic century which has produced the most extraordinary things! Unfortunately, notwithstanding our discoveries, we seem to have forgotten a basic truth: that man is composed of body and soul. We have too often forgotten the soul, that God-given source of life which human science is incapable of producing.

I have engaged in social welfare work in my district, helping the best I can the existing social services, and particularly the family service. Every day, fathers and mothers say to us: "I don't know what is going on; I have a 14-year old boy, a 16-year old girl, and I cannot do anything with them; they will not obey and they have disturbing ideas, although we do not know where they get them." After investigating, we find that in 98 per cent of cases those children read obscene magazines, cheap, unwholesome publications which stress sex, describe crime and glorify immorality. In addition, they go to shows, seeking those pictures which teach immorality, describe in detail organizations of gangsters, of murderers, where adultery is almost placed on a pedestal and where intimacies of the bed-chamber are shamelessly exposed, etc., etc. Then there is the wife whose husband is unfaithful because she does not understand him or because she is not sexually adapted as she should be, while his mistress possesses all the charms in the world. Do you know what I heard some youth say after seeing a film on TV: "It is a good thing that the husband killed his wife." That is the situation nowadays. Murder, prostitution, immorality are condoned. People seem to think that they are necessary, almost normal. Little by little our moral sense which enables us to distinguish between good and evil is being warped. And yet our human society is based on that very principle.

It is high time that we should act if we do not want the fate which befell Sodom and Gomorrha, if we do not want to disappear from the face of the earth.

I have just spoken of films shown on TV. Responsibility for the present situation does not belong to obscene and unwholesome newspapers alone. There are also motion pictures and the films which are televised and which insidiously enter our homes and which, I repeat, condone every vice. During the last few weeks some very good films have been shown on the French network, but on the other hand there are some which are revolting from a moral standpoint. I had been urged to see a film called *Chasse à l'homme*. Those who allow such a film to be shown on TV, before hundreds of thousands of viewers, have no sense of morality and no respect for the family.

I was gratified when I read in the Speech from the Throne a passage announcing that the Criminal Code would be amended so as to define more clearly the term: "Obscene literature". I shall congratulate the Government and the Minister of Justice when they have defined obscenity in such a way as to permit honest people to prosecute the guilty parties.

But what use will such a definition be if no penalties are provided? What does it matter to the publishers and to the distributors of such literature if they have to pay a $50 or $100 fine when they make profits amounting to thousands of dollars? Why do they publish such trash, for that matter, if not because it is a profitable trade? Worship of the golden calf—nay, our money is no longer guaranteed by gold—worship of the mighty dollar comes before worship of God. Those people who publish such trash, who sell such crime sheets, should be put away so that they could no longer be a menace to society.

It is not only the sexual literature that is bad; there is also the kind which teaches how to kill, rape or steal and which is just as harmful as the other. It has come to the point where women are no longer safe in our cities when they go out on the street, especially at night.

We are sometimes told that the tales we hear are just police court facts. But what need is there to publish them abroad? No one is brought to court for acts of virtue. Our young people want to enjoy carnal pleasure without having to pay for it in money; in reading all these tales they find how to obtain the money without having to work for it, but these abnormal cases violently upset their mind and nervous system and incite them to do likewise.

Apart from cheap weeklies being sold in too many newsstands, there are pocket books which are just as immoral as the newspapers I have just spoken of and the cover of which is enough to give ideas to any young people.

It was Churchill who said: "If you want to sell a book, place a woman's picture on the cover, and no cover on the woman."

Last week, more than 600 parents met in Quebec to discuss the problem of salacious literature. Public opinion is awakening and it is a good thing because, even with the best laws, if the reasonable people who have their children's happiness at heart take no interest in the problem, it will never be solved. The law provides for punishment, but not for rehabilitation. It is the individual's conscience that must be moulded. It therefore behooves serious men and women, those who love their family, their children and their country, to attend to this problem of education and to begin solving it by bringing up their children properly and by leading a normal life. That is my constant experience: if the father would become his son's companion, and take the trouble to chat with him, if the mother would do likewise with her daughter, instead of going out to earn a few more dollars, if she would stay at home to bring up her children, it would be a great deal better for home and country.

But there are some people who have become so perverted that they cannot be made to listen except through imprisonment. Those who print, sell or distribute pornographic magazines and newspapers should be locked up and I hope the law will provide for it. When some people reach a certain age, they are no longer able to reason; they no longer understand common sense; let us then separate them from society so as to prevent them from contributing to its destruction.

I want to pay tribute to the railway companies which, in a general way, have stopped selling this filthy literature in station newsstands. In some places, unfortunately, vendors still spread out this kind of literature on the counter. In Three Rivers, for instance, I saw some of it last Thursday, notwithstanding definite orders from the President of the C.P.R. I am sorry to say, however, that in some transportation companies terminals this stuff is being sold freely. At the Provincial Transport Company terminal in Montreal, for instance, I found all these filthy sheets being offered to all, young and old. We are told that the space was rented and that no control whatever is exercised. That means that the space was rented to sell this immoral stuff and that they are taking money for it. That is the ultimate. No one should be kept to a contract when the lessee behaves in that way. In such cases, there should be some means of bringing him into line.

I hope the responsible authorities will heed the appeal I am now making. In the past those authorities have turned a deaf ear, stating that the display and sale of such filth would cease only if the law required it. If you want to avoid evil, you should not always wait for the law to force you; there is such a thing as conscience.

I heard, in the past few days, all kinds of arguments on the word obscenity. It is difficult to define obscenity, some claimed, and you must not infringe upon the people's freedom; for some people, a certain writing will be obscene, while for others, it will not. A book is obscene when it is written for smutty purposes; the same holds for a magazine or any other writing. In museums, we are told, nudes are on display, and people go to see them. That is true, but if you go to see the Venus of Milo, for instance, you are seeing a work of art, whereas if you distribute hundreds of thousands of copies of a reproduction of the Venus of Milo, in a 5- or 10-cent sheet, the results will not be the same. This goes to show that a thing becomes obscene when it is used for obscene purposes. That is why all those filthy little sheets are obscene from cover to cover, because they are designed specifically for that purpose, as a means of promoting sales and increasing profits.

If we control inflation in the field of immorality, we can also exercise a good influence on the economic and monetary inflation, because one of the factors of inflation is that too many people begrudge work, but want to get the most out of life; they think happiness is the pleasure found at the street corner, in a house of ill repute, in a taxi or any other place. Carnal pleasure may be found on a street corner; you do not find happiness and true love in the gutter. True happiness and love are found at home.

I referred a moment ago to a meeting held last week in Quebec City, which was attended by many hundreds of fathers and mothers. Those people considered not only the problem of pernicious literature being distributed, but especially the vital matter of replacing that filthy literature by healthy magazines and books; they want a healthy and suitable literature which will be of moral and cultural help to our youth. The small

10-cent sheets and 25-cent pocket books, are very badly written; they will not teach our youths the fine points of literature. That is why these fathers and mothers demand that a healthy and suitable literature be distributed; that is, healthy from a moral point of view and suitable from a literary point of view. That is something positive.

In closing my remarks, I would urge the Government to propose, as soon as possible, an amendment to this act, an amendment that would provide sanctions, so that those who are working for the destruction of our society may be apprehended.

May all people of good will take into their own hands the defence of their homes.

Let the motion picture houses and TV stations stop presenting such filth, those Western films showing bandits' or murderers' exploits.

I wonder why today it is impossible to have stories in which virtue is respected and shown in all its beauty and grandeur, where good is taught and where happiness is found in good deeds well done. In former times, when I was young, we were given Perrault's stories, the Countess of Segur's novels and letters of Madame de Sévigné to read; now we are told that those things are but rose-water productions. Perhaps it is so, but at least, roses smell good, and since we only wished then to smell good perfume, gangsters, murderers, robbers and all those who do away with morals were much less numerous than they are today.

Let us therefore go back to those good old days and give our children good literature. Our children did not ask to be born. Have we the right, as heads of families, to let them go astray? No, we had them in order that they may be happy. And it is our responsibility to rear them and protect them, giving them good examples and creating a healthy social climate where they will live happily, so that when we are gone they may recall those who sincerely wished their happiness. Our good deeds will survive when we are no longer here.

I call upon everyone to promote as soon as possible a great campaign of morality and healthy reading. Such a campaign is already under way; but it must be carried on more intensely if possible, so that the youth of tomorrow may be better than that of today, and even better than that of our generation. We are often told, in regard to our forefathers: let us be worthy sons of our fathers. Well, let us be more realistic still: let us be worthy fathers to our sons.

On motion of Hon. Mr. Euler, debate adjourned.

(Text):

LAND USE

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

The Senate proceeded to consideration of the first report of the Special Committee on Land Use in Canada, which was presented on February 19.

Hon. Arthur M. Pearson, Chairman of the committee, moved that the report be adopted.

Motion agreed to.

DIVORCE

BILLS—SECOND READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill SD-79, an Act for the relief of Euphemia Caldwell Miller Armitt Esber, otherwise known as Effie Monas Esber.

Bill SD-80, an Act for the relief of Goldie Yelin Freedman.

Bill SD-81, an Act for the relief of Claire Segal Pottel.

Bill SD-82, an Act for the relief of Klara Schillinger Aschner.

Bill SD-83, an Act for the relief of Bernice Helena Peritz Loeb.

Bill SD-84, an Act for the relief of Margaret Soll Rajeczky.

Bill SD-85, an Act for the relief of Audrey Edna Watson Robert.

Bill SD-86, an Act for the relief of Abbie Alice Mahon Reed.

Bill SD-87, an Act for the relief of Alice Christine Leduc Patrick.

Bill SD-88, an Act for the relief of Georgina Joan Saunders Smith.

Bill SD-89, an Act for the relief of Bryan Mills Taylor.

Bill SD-90, an Act for the relief of Dorothy Sarah Sheehan Burchmore.

Bill SD-91, an Act for the relief of William Irvine Moore.

Bill SD-92, an Act for the relief of Audrey Lynn MacGillivray.

Bill SD-93, an Act for the relief of Sarah Goldfarb Nash.

Bill SD-94, an Act for the relief of Witolda Poplawska Wojciehowski.

Bill SD-95, an Act for the relief of Martha Waugh McClure.

Bill SD-96, an Act for the relief of Leslie Ronald Cant.

Bill SD-97, an Act for the relief of Cecile Desjardins Morin.

Motion agreed to and bills read second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, February 25, 1959

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

Prayers.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following documents:

Report of the Restrictive Trade Practices Commission, concerning the manufacture, distribution and sale of ammunition in Canada, pursuant to sections 18 and 19 of the Combines Investigation Act, Chapter 314, R.S. 1952. (English text).

Exchange of Notes between Canada and the United Kingdom modifying the Air Agreement of August 19, 1949. Signed at Ottawa, August 18, 1958. (English and French texts).

Exchange of Notes (October 22, 1958) between Canada and France modifying the Air Agreement, signed at Ottawa, August 1, 1950. Signed at Ottawa, October 22, 1958. (English and French texts).

Exchange of Notes between Canada and the West Indies giving formal effect to the statement of principles agreed between the two countries for co-operative economic development of the West Indies. Signed at Ottawa, October 18, 1958. (English and French texts).

Financial Agreement between the Government of Canada and the Government of India. Signed at Ottawa, October 22, 1958. (English and French texts).

Financial Agreement between the Government of Canada and the Government of Ceylon. Signed at Ottawa, November 5, 1958. (English and French texts).

Exchange of Notes between Canada and the United States of America concerning the seasonal movement between the two countries of woods workers. Signed at Ottawa, October 23 and 31, 1958. (English and French texts).

Exchange of Notes between Canada and Finland modifying the Agreement of January 9, 1956, concerning visas. Signed at Ottawa, December 9, 1958. (English and French texts).

Exchange of Notes between Canada and the U.S.A. concerning operation of a television station on Channel 16 at Scranton, Pa. Signed at Ottawa, December 9, 1958 and January 7, 1959. (English and French texts).

International Sugar Agreement of 1958. Signed by Canada, December 23, 1958. (English and French texts).

SUPPLEMENTARY ESTIMATES

Hon. Jean-François Pouliot: Honourable senators, with leave of the Senate I would like to make a correction in what I said yesterday. Every time I consider that I am wrong I hasten to say so. It does not happen very often, but each time I am quite scrupulous about it. I stated that the supply bill did not contain a schedule of detailed information with regard to the supplementary estimates. That is true, but, on the other hand, the details were in a separate small leaflet. I would suggest to the honourable Leader of the Government (Hon. Mr. Aseltine) that when we are dealing with a supplementary supply bill he should have the estimates filed alongside the bill for our perusal. I offer that suggestion for what it is worth.

ATLANTIC PROVINCES

SHIPPING COSTS—INQUIRY AND ANSWER

Hon. Gordon B. Isnor inquired of the Government, pursuant to notice:

1. Did all sections of Canada contribute to the cost of developing the St. Lawrence Seaway?
2. Was the purpose of constructing the St. Lawrence Seaway to serve as a new artery of commerce, and to reduce shipping costs to all sections of Canada?
3. Since the first of January, 1959, has there been an increase in the price of wheat at the Lakehead? If so, what was this increase?
4. As per D.B.S., what was the *per capita* consumption per annum of flour in 1956?
5. What was 1956 Census population of the four Atlantic Provinces?
6. At the increase mentioned in Question 3, and the answers to Questions 4 and 5, what would be the total increased cost to the Atlantic Provinces?

Hon. W. M. Aseltine: Honourable senators, I have the following answers to the honourable gentleman's questions:

1. The cost of the St. Lawrence Seaway is being financed by loans from the Canadian treasury, to be amortized by the charging of tolls.
2. The purpose was to modernize and improve the means of transportation by water, thereby strengthening Canada's economy as a whole.
3. Yes. 5⅝ cents per bushel.
4. 144.3 lbs. in 1956.
5. The population of the four Atlantic Provinces per the 1956 Census was:

Newfoundland	415,074
Prince Edward Island	99,285
Nova Scotia	694,717
New Brunswick	554,616
Total	1,763,692

6. Since a substantial part of the increase of 5⅝ cents per bushel in the price of wheat at the Lakehead will be covered by a reduction in the cost of the shipment of wheat from the Lakehead to Montreal, it is not possible at this time to estimate the total increased cost of flour to the Atlantic Provinces resulting from the change in Canadian Wheat Board pricing policy.

INFLATION

On the notice of motion by Hon. Mr. Wall:

That the Standing Committee on Finance be instructed to study the threat of inflation in Canada;

That the committee have the authority to send for persons, papers and records, and to report from time to time.

Hon. Mr. Wall: Honourable senators, may I ask that this motion be postponed until after the third reading of the supply bill?

Hon. Senators: Agreed.

APPROPRIATION BILL NO. 1

THIRD READING

Hon. W. M. Aseltine moved the third reading of Bill C-24, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1959.

Hon. Jean-François Pouliot: Honourable senators, before this bill is read the third time I have a few remarks to make, to relieve my honourable colleagues of any inferiority complex. What I intend to establish is that the Senate has an unlimited power, provided there is some co-operation among all of us. The total amount asked for in the bill is quite large; it is for over $27,900,000. It covers all that expenditure. It covers also the salaries of all the civil servants who will have to deal with any of the items therein mentioned.

With your permission, honourable senators, I will establish, I hope to your satisfaction, that very good results have been achieved by the answers that have been given in reply to some questions. If each one is considered separately you will have no idea of the information that is conveyed by all of them put together. I was really surprised at the outcome.

I may criticize the Government when I find that the Government is in the wrong, but on the other hand I am in a position to give it full credit when I am convinced that it is doing things the right way, as in the matter that we are dealing with.

We will have to go backwards and consider the information that has been given on three different matters. In the first place, there is the National Gallery. Its expenditure was very high for the purchase of paintings and so-called works of art. What is quite astonishing is that a few years ago a journalist wrote in a daily paper that there was no picture by Chardin hanging in the National Gallery. Chardin was a well-gifted French painter. On account of that write-up the National Gallery bought two pictures by Chardin, and one by Reubens. They also bought another picture by an Italian artist —it was a painting of Saint Catherine, who looks to be in a rather sad mood.

Hon. Mr. Dupuis: Don't make us cry.

Hon. Mr. Pouliot: Would the honourable gentleman care to look at this picture of the painting of Saint Catherine?

There was no painting by Chardin in the Gallery. What did the Gallery do? They bought four paintings at the enormous cost of $800,000, in order to have two by Chardin. It is quite unbelievable. In order to have two paintings from one painter they wasted $800,000. Now they have the pictures, and they are quite proud of themselves; but the Canadian taxpayers have paid more than $800,000 to give them satisfaction. It is pure nonsense!

Then I asked a question as to how much was paid for each painting and the name of the dealer who supplied them to the National Gallery. I received a very impudent answer from the Director, which reads as follows:

> However, it is the considered opinion of the trustees that it is not in the public interest to disclose from whom works were purchased and they point out that to treat such information as private is the standard practice with all art galleries and museums.

There was an order from Parliament to the Gallery to supply that information, and on that I had the unanimous support of my honourable colleagues. The Senate, as one of the houses of Parliament, told the National Gallery to supply that information and, like the devil, the trustees said, "No, we will not supply that information; it is not our practice." I repeat, that was an order from the Parliament of Canada, conveyed by the Government of this country. The minister concerned apprised them of the request to supply that information, but they boldly refused.

We were asking for that information as to a limited period. Then we decided to go further, and the same question was asked as to the period from the time the present director was placed in charge of the National Gallery. In the meantime he had abused me over the radio, and I was asked by the C.B.C. radio station in Toronto to be on a panel with him to discuss it. I told them that I would gladly do so in due course, but that at the time I was not ready because I did not have enough information. I then got in touch with the minister concerned and told him this was an insult to the Senate and to Parliament. He probably gave definite instructions, because not long afterwards I had the full information, telling us from where each work of art came and the price paid. However, the rebuke in that second instance was not to Parliament, but to the civil servant concerned. We got results. This year, with your assent, honourable colleagues, the information has been completed to date.

Therefore, we have got some information we are entitled to have, in spite of the reluctance on the part of the civil servants concerned to give it to us. This is an example of what Parliament can do with regard to civil servants. That is my first point.

No. 2 has to do with the Dominion Archivist. In the United States the word is

pronounced "arch'-ivist", and in England "archi'-vist". You understand whom I mean, and as I am not from across the border I will use the English pronunciation. Here is a gentleman who occupies a high position in the service; as a matter of fact, not only one, but two positions: he is in charge of all the public records of Canada and he is *ex officio* the gentleman who is supposed to destroy them. You may find here a contradiction, and it appears to be rather strange.

Recently, as President of the Canadian Historical Society, he went to Edmonton and made a speech there. I wanted to know the tenor of this speech, because his trip was probably made at the expense of the country. I am not sure of this, but it is very probable that when an official of this importance leaves Ottawa to go as far west as Edmonton he sees to it that his transportation expenses are provided for. In the course of his speech he made the following remarks:

> The number of biographies of Canadians that are in any real sense definitive can be numbered on the fingers of one hand.

I do not say that he was wrong, nor that he was right; but if he was right, it is because the sources of history have been destroyed by the public records committee, a proceeding to which I object most strongly. Each one of the public files is the property of Canada, and no one can destroy any of those files without at the same time destroying a source of history. This is my point. But tons and tons of public paper have been destroyed under the chairmanship of the Secretary of State, whose acting chairman is the Dominion Archivist. Do you not think that this is pure nonsense? If, as the archivist has said, we have only a very limited number of good Canadian biographies —so few that they can be counted on the fingers of one hand—there is something wrong.

It is very difficult indeed to write history in this country, because access to public papers is not easy. So many private papers, too, which are in the archives cannot be studied by anyone before many years have elapsed. Further, Canada is very unfortunate in that so large a mass of historical data which was kept in the tower of the old Parliament buildings was destroyed by fire in 1916. These papers have gone for ever.

When we pay a lot of money to send people to copy parts of the archives in France or in England, it is absurd that the papers we have here are unnecessarily destroyed.

All this information I have obtained by your assent and with your help; for if, when I asked these questions, the Senate had rejected them I would never have had an answer. I give credit to the honourable Leader of the Government (Hon. Mr. Aseltine) and to my colleagues on both sides of the house for having understood the importance of these inquiries, which were directed to enabling the Canadian people to be familiar with their traditions. I do not thank you, honourable colleagues, I congratulate you upon having understood the importance of the matter. It would not astonish me if someone outside the Senate said, "What have you got? You have got only a few papers." But those papers are most valuable.

I hope that at the earliest possible opportunity the Government will change its policy in respect of its records. The Government owns countless buildings; there is plenty of space for storage of documents. It would not be expensive to keep these historic papers; indeed it would be less costly to keep them than to destroy them. In making this plea I speak as the Dominion Archivist himself should have spoken. What is important is to make a classification of these papers so that, when a question is asked about any important historical fact, the answer of the Government will not be "No information", but will be as complete as many replies have been which I have had from the honourable Leader of the Government in this house.

During the war the Government became overcrowded with all sorts of files, covering every soldier in the army, and so forth. Some files may have been put aside, but nine files have been destroyed to one which has been kept—representing tons of paper which have gone into the incinerator. One is reminded of the character in *The Mikado*, Ko-Ko, the well-known executioner, the man in charge of the destruction of all public papers. It would be a sight to go out and see this performance.

Now, having got this information, it seems to me absurd that the same official who is entrusted with the duty of keeping the papers which belong to Canada is also responsible for destroying them. He is there as an image. He is there to give the prestige of his name and of his decision to all the civil servants who put "Destroy" on the files. How can one man fulfil his official duties and supervise the destruction of those papers? It is humanly and physically impossible. I think it is important, perhaps not as much for now as for future generations and for students of history, to see to it that that wrong practice is stopped as soon as possible. Thank you, honourable colleagues.

My third point is the C.B.C. strike. As one of the big Montreal newspapers has said so

wisely, it was an absurd strike that amounted only to blackmail. It was my duty to felicitate the Minister of National Revenue and the Minister of Labour for not having been impressed by the blackmail of the producers, who thought that they were indispensable, that the earth would stop turning as soon as they went on strike. They went on strike and the earth continued to turn. More interesting programs were given over TV.

Here is another important suggestion, one that I have received from many people and which I am conveying now to the Government. It is that the C.B.C. employees who have been faithful and loyal to the corporation should be adequately rewarded. They should be given a kind of priority over all those who went on the picket line to prevent the artists from performing their plays. Let us hope that this will be taken into consideration, and I thank you, honourable colleagues, for your support. I give full credit to the honourable Leader of the Government for answering the inquiries as satisfactorily as he did.

It is said that the strike is about to finish, but one would be sorry to see all the poor devils who have been led into error by the producers suffer any longer over it, provided that they resume their work, upon the conditions set by the corporation itself.

Here we come to labour matters. I had to deal with trade unions as long as I was a member of the House of Commons and most of the time I had to fight the union leaders in order to get good results for the men who belonged to those unions. Once I told a Minister of Labour that the best thing to do when there is labour trouble is to speak to the men over the head of their leaders. He did not reply to this, but six months afterwards he repeated the very same suggestion to me, asking what I thought of it. I said to him: "It is a very good idea. Do it and you will have no trouble."

At the present time the Government must be satisfied—not happy, because it is a sad case, but satisfied—with what it has done in this matter to have the Government of Canada and the Parliament of Canada respected throughout the land. Is it not essential to convey to the Civil Service the notion that Parliament has the responsibility to control all expenditures? Here, in the Senate, we do not have to vote each estimate separately. They come to us in bulk, but we have the right and the duty to scrutinize the expenditures. Each one of us represents the whole people of Canada, the taxpayers of Canada, in that regard. I know that no one of my colleagues will be remiss in his or her duty. In these troubled years the Senate is often the goat for public complaints. This is a manner in which we can show the people of Canada that the members of the Senate are their true friends.

Hon. John G. Higgins: Honourable senators, I would like to tell the honourable gentleman from De la Durantaye (Hon. Mr. Pouliot) that it is a wise man who knows when he is wrong but it is an honest man who admits it. I would also like to tell him not to bother about pronunciation. Ask some of the English-speaking senators here to pronounce any word in French. I would hate to be put to the test. Moreover, English pronunciations change and some words of today would not be known by people of yesterday. When I was a boy the word "laboratory" was pronounced "lab'-oratory" but today the pronunciation is "la-bor'-atory". The word "interesting" used to be pronounced "interest'-ing" but now it is "in'-teresting". Moreover, there are various pronunciations for the same English word. Perhaps honourable senators know the story about the two gentlemen who were arguing over the word "either". Happening to meet an Irishman, they asked him whether the correct pronunciation was "eether" or "eye-ther". He replied "'Ayther' will do." He was a learned and also a wise and diplomatic man.

Honourable senators, I am a newcomer here and I was astonished to learn from the honourable senator from De la Durantaye that such a thing could happen as the destruction of public documents by a small body of men. The knowledge of history might be changed thereby. Never has history been written from contemporaneous letters and documents so much as today. Scholars go to every library of the world where it is possible to get old documents and old letters in order to write authoritatively about former periods. In a young country like Canada—and Canada is a comparatively young country—it is strange that public documents should be destroyed so quickly. I quite agree with the honourable gentleman that something should be done to stop this practice, and I think the Senate will be doing a great and worthy task if it undertakes to see that the history of this country is properly written—that is, from contemporaneous documents. If we want to write the history of the Riel Rebellion or the Papineau Rebellion we must get information from letters and documents that were written at that time, and not depend entirely on tradition, which though often reliable is apt to become garbled in the process of being related from mouth to mouth down through the years.

Hon. Mr. Aseltine: Honourable senators, yesterday I was able to answer a great many

questions in connection with the supplementary estimates. I must apologize for not having been able to answer four or five of the questions that were asked, but quite a number of departments are involved. As soon as I was able to obtain yesterday's *Hansard* I sent for the information, but any information I have now is not complete. I ask the consent of the house to accept these four or five or six questions as notice, and tomorrow or during the early part of next week I shall give complete answers. I think that would be much more satisfactory to everyone concerned.

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker: Honourable senators, I have the honour to inform you that I have received the following message from the Secretary to the Governor General:

GOVERNMENT HOUSE
Ottawa

February 25, 1959

Sir:

I have the honour to inform you that the Honourable Patrick Kerwin, P.C., Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate Chamber today, the 25th February, 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,
Guy Robillard
For Lionel Massey,
Secretary to the Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

INFLATION

MOTION TO INSTRUCT FINANCE COMMITTEE TO MAKE STUDY—DEBATE ADJOURNED

Hon. William M. Wall moved, pursuant to notice:

That the Standing Committee on Finance be instructed to study the threat of inflation in Canada;

That the committee have the authority to send for persons, papers and records, and to report from time to time.

He said: Honourable senators, during the debate on the Address in reply to the Speech from the Throne last summer I had taken the liberty to express my fears about the potential inflationary pressures which were then becoming apparent. At that time I had urged the need of a comprehensive and organized study of this important national program in these words, as reported in the Senate *Hansard* of June 4, 1958, at page 133:

Now, who is to give national leadership to this crusade against inflation? I regard this problem of inflation to be of such overriding and cardinal importance that I venture to suggest the need of either a special debate on this subject by honourable senators or the setting up of a special Senate committee to study inflation, a suggestion already advanced by the honourable Leader of the Opposition (Hon. Mr. Macdonald). I would go farther and suggest to the Government the desirability of a special joint committee of both Houses of Parliament on inflation.

I propose this afternoon to repeat and to re-document my urgent plea for this comprehensive and organized study of the problem of inflation. This urgency becomes increasingly apparent to me with the tabling of the main estimates for 1959-60, which involve an overall increase in budgetary expenditures alone of $300 million. The relationship of current fiscal and monetary policies to the problem of inflation may well be accentuated when we consider that the raising of this $300 million increase in the main estimates alone will necessitate a rise in our gross national product of some 6 per cent in real terms, if relative tax levels remain the same and if the gross national product is not inflated by further price increases.

I have prepared a table to indicate the extent of annual price increases in our gross national product when related to constant 1949 dollars. Beginning with 1949 the table gives the annual gross national product in current dollars, the gross national product in 1949 dollars, and the total amount of price increase or inflation year by year. May I have the consent of the house to have this table put on record in *Hansard*?

Hon. Senators: Agreed.

Hon. Mr. Roebuck: Where do the figures come from? Do they come from the Dominion Bureau of Statistics?

Hon. Mr. Wall: These are all based on Dominion Bureau of Statistics figures.

Year	G.N.P. in current $	G.N.P. in constant 1949 dollars	Amount of price increase in G.N.P.
	(in millions of dollars)		
1949	$16,343	$16,343	
1950	$18,006	$17,471	$ 535
1951	21,170	18,547	2,623
1952	23,995	20,027	3,968
1953	25,020	20,794	4,226
1954	24,871	20,186	4,685
1955	27,070	21,961	5,109
1956	30,182	23,594	6,588
1957	31,443	23,558	7,885
1958	32,900*	23,746*	9,154*
Nine-year total:			$44,773,000,000.00
Average annual price increase in G.N.P.			$ 4,974,777,777.77

*Preliminary estimate based on 11 months' data.

Honourable senators will see that based on current dollars our 1958 gross national product is presently being forecast at a total of $32.9 billion, an estimate which may prove to be too high. However, if we translate this $32.9 billion into constant 1949 dollars, which is the basis of our consumers price index, our gross national product for 1958 amounts to only $23 billion 746 million. By subtracting these two figures we get a startling price cost increase in our estimated 1958 gross national product of $9 billion 154 million. If we add these inflation cost differentials for the past nine years we get the staggering sum of almost $45 billion, and an average annual price increase figure in our gross national product of almost $5 billion.

This very pertinent question plagues all of us: Who has been shouldering the major part of the cost burden of this amount of relative inflation in our gross national product? And if not the Parliament of Canada, then who is to attempt to locate the answers and to give direction to controlling this most insidious of all taxes—inflation? It is insidious because although it actually puts more dollars into some, though not all, hands, it stealthily dilutes the value of each dollar; it is insidious because everybody has not shared in these extra dollars. It is an insidious technique of literally stealing money without the embarrassment of identifying the victims or too closely pointing out the beneficiaries. Holders of savings accounts, bonds, pensions, annuities and insurance policies are being systematically and inexorably victimized. Only the organized, the influential and the knowledgeable, and governments, are able to benefit from these extra dollars, and they do so, wittingly or unwittingly, at the expense of their weaker fellow citizens who are not in a position to enforce their just demands for an equitable share of this inflated national product.

We are indebted to the honourable senator from Hanover (Hon. Mr. Brunt)—and I regret he is not here today—for placing on *Hansard* what he considers to be an authoritative and unusual statement on inflation made by the President of the United States. Honourable senators will recall that it dealt mainly with the iniquitous distribution of these hidden taxes. Please note the President's final two sentences. I quote:

> Inflation can be prevented. But this demands statesmanship on the part of business and labour leaders and of Government at all levels.

Furthermore, as we think of the perils and inequities of inflation we must think of the effects of changing relationships in our Canadian price levels to the price levels in the countries to whom we sell and from whom we buy.

I have read sober warnings of very responsible Canadians who are being increasingly alarmed at what appears to be our propensity to become a still higher cost economy. Is our situation *vis-à-vis* inflation not far more dangerous than that of the United States, simply because of Canada's greater dependence upon external trade with other countries. It seems pertinent at this time for us to remember that the percentage relationship to the gross national product of imports and exports in the United States is only 8 per cent, while in Canada the similar relationship is 30 per cent. Common sense tells us that an internal high-cost economy would provide us with a double-headed dilemma, which I will summarize in these two basic questions:

(1) Because we sell so much of our production in markets abroad how are we going to make our selling prices competitive?

I could refer to the sale of our eggs in Venezuela not along ago.

(2) How are we going to retain our domestic markets in the face of strong competition from our trading partners whose lower selling costs to us may reflect a different level of productivity, living standards and prices?

Let us remember too that inflation bears more heavily upon those sectors in Canada which are specially and specifically dependent upon our export trade—the Maritime provinces and western Canada, for example.

Surely these perils of inflation in their distributive aspects and in their effects upon our import and export trade should become a matter of deep concern and wide knowledge among all the Canadian people. I believe that our sense of public stewardship should order us to ascertain all the facts of the case, to the extent that it is possible for us so to do.

Now we come to the problem of unemployment or inflation. Which do we tackle first? Subject to correction, it appears to me that the Government's main thesis has been that unemployment problems demanded priority and that inflation would have to be tackled later. I would welcome guidance upon this problem, and this could conceivably come from the findings of the study I am suggesting, for personally I am not convinced that inflation is a so-called secondary problem which has to await its sequential turn, by which time it may be too late to deal with inflation effectively.

I am haunted by the historical verdict to this question: If prices have continued to rise despite the business recession, unemployment and unused industrial capacity, and if they have traditionally persisted to increase

during what we term a period of higher economic activity, pray then when will prices not rise?

What about the contention that unemployment problems and employment-producing policies are Canada's number one problem which must be solved first before we tackle seriously the problem of inflation? Is this true or is this basic assumption subject to very serious doubt? Perhaps a study will throw much needed light upon this subject. I have in my hand the *News Letter* issued by the Canadian Chamber of Commerce which came to my desk just this morning, and I shall permit myself to read the first few lines:

> Inflation was termed Canada's number one problem by a thirty-one man delegation of community and business leaders who presented the annual policy of the Canadian Chamber of Commerce to the federal Cabinet in Ottawa on January 9.
>
> The Chamber delegation, headed by President A. C. Ashforth, called on the Government to face up to the present situation in which inflation is steadily eroding away the value of the dollar.

Then the statement goes on to examine the factors of inflation.

Hon. Mr. Aseltine: Why not read the next sentence or two?

Hon. Mr. Wall: I can read the whole letter. I will continue:

> Among factors contributing to the kind of inflation which we are experiencing today are the wage-price spiral, taxation, and the very high levels of government spending.

Shall I continue to read?

Hon. Mr. Aseltine: Go ahead.

Hon. Mr. Wall: I will.

> Chamber delegates from all parts of Canada asked the Government to consider implementation of Chamber policies which called for every possible effort to contain spending.

However, it is apparent that there is in Canada, honourable senators, a wide body of informed opinion which appears to accept this apparently unresolveable dilemma or dichotomy between unemployment or rising prices and inflation. If the Government also accepts this hypothesis, then am I not correct in assuming that we may logically infer an attendant admission that the Government appears not to have an answer to this ostensible dilemma either, be it in the form of fiscal or monetary policies? If that assumption is valid, and I would welcome its contradiction with its sequential statement of Government policies to avoid inflation, then I have a right to maintain that the Government should show how it proposes to distribute the burden of this iniquitous, hidden inflation tax, so that all Canadians should benefit equitably from its so-called elusive economic blessing; or so that all Canadians should bear their fair share of the burdens, as is not now the case.

At the risk of being labelled a political idealist, I contend that the average Canadian believes that it would be more courageous and more ethical to pay for the costs of employment and for employment-producing projects through revenue-producing practices, other than those which erode the value of the Canadian dollar, and thus shoulder an excessive proportion of the cost on the trapped and defenceless creditors and fixed-annual-income receivers, to whom I have already referred.

Perhaps, honourable senators, there would be no real dilemma between unemployment and rising prices if we tackled both with more effective policies and practices in both the public and the private sectors of our economy. This brings to my mind a very illuminating book entitled *Prosperity Without Inflation*, whose author is Professor Arthur Burns, former adviser to the President of the United States.

I have in my hand a book written by Roy Herrod, an economist in Great Britain. It is entitled *Policy Against Inflation*. Here is one more timely contribution to the literature about recession and recovery, which indicates the possibilities and remedies for the control of inflation through governmental leadership. I would refer honourable senators especially to the last chapter of the book, entitled "Fundamental Principles of Policy".

Now the question: How much inflation, when and why? This question brings us to the very crux of the problem. If we are to help in locating sensible solutions for inflation, we must know more about inflationary trends past and present; and if we can locate and assess the effect of causative factors in inflation we shall have achieved much indeed.

No one, honourable senators, would wish to profess that inflation is a new phenomenon, as a brief analysis of post-war price movements can readily show. But it is very important to assess the reasons for these post-war consumer price changes, to understand what was happening to the various components, and why.

This same assessment is needed for the price changes during the most recent recession period which has carried the consumer price index to a high of 126.3, with the latest index showing at 126.1.

What is the significance of this element of inflation in our economy during 1958, which were months of slower economic activity? Why did our prices rise approximately 2½ per

cent? Prices during this period should really have dropped. What factors caused them to rise?

Are wage increases to blame? If so, how much?

Now we get into a wide range of opinions, and I am going to quote from one opinion at the one extreme, one in the middle, and one at the other extreme.

Dr. Jules Backman, Professor of Economics at New York University, speaking to the Industrial Relations Conference of the Canadian Manufacturers' Association, appears to put the blame for inflation in Canada more or less directly on the sharp increases in unit labour costs. Mr. Graham Towers, speaking to an underwriters' meeting, stressed the importance of not placing too large a blame upon labour for the lower value of money because of the cost-push effect of wage increases which are greater than the increases in output per man hour. Mr. Towers further claimed that we are all responsible.

Then we have the other extreme position being taken by Mr. Stanley Knowles, Executive Vice-President of the Canadian Labour Congress, speaking to the Engineering Institute of Canada, at Sarnia. Mr. Knowles admits that theoretically free collective bargaining has a price-raising tendency, but he claims that there is no evidence that wage increases have in fact been a serious factor in inflation in Canada since World War II. He criticizes the fallacy of the notion that wage increases caused price increases, hence inflation, hence recession.

I submit: surely this aspect of the problem merits judicial investigation.

Is it the level of profits and other returns in private enterprise that has caused inflation? Is inflation being caused by the kind of returns being gained in the field of private enterprise by entrepreneurs, by management and by capital?

Perhaps the agricultural sector of our economy is responsible for price increases? If so, we should find out whether farm incomes are too high and above parity as compared with the parity received by organized labour or capital. Perhaps the findings of the Price Spreads Commission will be significant in this regard.

Are capital and management getting more than parity, whatever parity may mean? Although it is argued that the level of corporation profits and other financial returns to management and entrepreneurs has been somewhat lower in 1958, could it be that capital and management are still getting more than their share, and that further redistribution of our national wealth is necessary if we are to achieve in greater measure the democratic fruits of distributive justice?

In this context one must question—and I do so rather strongly—the validity of the argument that wage increases must never exceed increases in productivity. For then, honourable senators, we would be accepting the premise that the present distribution of national wealth as among labour, agriculture, shareholders, management, entrepreneurs, etc., is basically satisfactory and just.

Surely our consideration of the causes of inflation must include the levels of returns to private enterprise as one more field for investigation.

Is it the kind of Government spending and financing that is the problem? Could it be, honourable senators, that the kind of deficit financing now being undertaken by our three levels of Government is one of the hidden culprits responsible for inflation? Being in a primary and most responsible position, what has been the effect upon inflation of the current federal fiscal and monetary policies?

What is the significance of this challenge as issued by the Honourable Lester B. Pearson, speaking on January 26, 1959, on the program "The Nation's Business"? He said:

> There is no doubt that we are going to have a big deficit this year, and that the Government is going to raise perhaps a billion and a half dollars. If the Government cannot raise that money by extra taxes, by selling Government bonds to people who will pay for them out of their savings, it will take it out of the banking system, and that is inflation.

It is not difficult, honourable senators, tc prove that the banking system took most of the $1,111,000,000 of additional market debt of Canada from the end of July, 1957 to January 7, 1959, the last data available to us from the statistical summary of the Bank of Canada. It is true that the general public has begun lately to buy a little more of this debt, but what is the significance of the non-bank or general public disinvestment in Canada's money contract securities? Why did the private investors and institutions with genuine savings not buy? Because, on balance, the Bank of Canada and the chartered banks absorbed (1), the increase in gross debt; (2), the disinvestment by Government accounts, and (3), the disinvestment by the non-bank public.

I should like at this point to have permission to include in *Hansard* a statistical summary dealing with this problem of non-bank disinvestment. The source is the Bank of Canada financial supplement, 1957, and the latest statistical summary, which appeared for December, 1958. With your permission I will now place it on the record.

GOVERNMENT OF CANADA DIRECT AND GUARANTEED SECURITIES

DISTRIBUTION OF HOLDINGS
(In millions of dollars)

Sources: Page 36—Bank of Canada—Financial Supplement—1957.
Page 444—Bank of Canada—Statistical Summary—December, 1958.

Date	Bank of Canada	Chartered banks	Government of Canada — Accounts	General Public: Market — Issues	General Public: Canadian — Savings Bonds	General Public: Total Market — Issues
	$	$	$	$	$	$
July, 1957	2,401	2,487	1,371	6,260	2,277	12,519
January 7, 1959	2,643	3,573	1,252	6,162	2,890	13,630
Change	+242	+1,086	−119	−98	+613	+ 1,111

MONEY SUPPLY
(In millions of dollars)

Date	Total currency and chartered bank deposits (includes Gov't of Canada deposits)	Total currency and chartered bank deposits held by general public
	$	$
July, 1957	11,437	11,290
December, 1958	13,247	12,927
Change	+ 1,810	+1,637

What is the meaning, honourable senators, of this absorption of Government bonds by the banking system, that is, by those able to create new deposits and cause a further enlargement of our money supply?

Everybody, including the Prime Minister himself, admits that the investors outside the banking system have largely lost the habit of buying Government bonds, and that to convince them that they should do so is a major task which will take time. At this point I venture to suggest that this convincing must be substantiated by some kind of commitment that inflation will not in effect dilute the value of the money which Canadians will one day receive in settlement for the bonds they are being encouraged and exhorted to buy now. Canadians are far shrewder than that.

Let us review briefly the story of federal Government finance from March 31, 1946 to March 31, 1958. We have had budgets with nine surpluses and three modest deficits. The surpluses exceeded the deficits by approximately $2¼ billion, which net credit was used to reduce our debt from $16¾ billion to approximately $14¼ billion.

In one year, for current deficits alone, we have spent over one-fourth of this total net surplus. If we take into consideration our overall deficit in the fiscal year 1958-59—which is a much more valid measure—in one year we have spent over one-half of the total net surplus which we had husbanded so patiently during the preceding 12 years. In one year our deficit exceeds the net surpluses of the preceding eight years. In one single year we have reached budgetary expenditures approximately 14 per cent higher than the anticipated revenues, and with no end in sight.

Does Canada's newest spending program, for 1959-60, have other than these financial implications: (1), another huge budgetary deficit; (2), more borrowings at a time when the loss of public confidence in Government bonds is reflected in high interest rates;

(3), more monetary inflation through bank-type borrowing; and (4), maybe higher taxes?

Freely admitting that the fiscal policies of the Government are reflections of the wishes of the Canadian people as interpreted and encouraged by political leaders, we must however admit that we are probably faced with (1), record peacetime deficits, and no signs of reduction in federal spending; and (2), further monetary expansion, because of our unwillingness or inability to finance these record peacetime deficits through the current savings of the non-bank public.

How are we planning to neutralize the inflationary effects of the already swollen money supply, if our potential deficit financing will probably increase this money supply still more?

So I must join the melancholy and painful chorus of those who are seriously concerned with the inflationary effects of the order and the kind of deficit financing we now have and can foresee in the future. For, although deficit financing through the non-bank investment public has a neutral effect on money supply, because it transfers money from the private to the public sector, bank-type financing "artificially" increases money supply, permitting the bank system to use the bonds as deposits or reserves to create additional bank deposits, on the well-known principle of multiple expansion".

Does not this American analogy describe rather neatly our present fiscal and monetary situation *vis-à-vis* inflationary presesures? I quote from an article entitled "The Treasury's Windfall" in the *Wall Street Journal* of August 5, 1958:

> If the Treasury is unable to meet its needs in an eroding bond market—and that, as the statistics show, is the situation today—it has only one choice. The Government's Treasury must turn to the central bank, the Federal Reserve System. But the Federal Reserve System can supply funds of this magnitude by, in effect, manufacturing it out of nothing. In bald terms, the money must be printed.
>
> So this is what we are fast coming to. Because of inflation the Treasury cannot borrow from the public. Unable to get dollars from the public it must get them from the central bank. The central bank produces them by inflation. Then the new inflation proceeds to erode even more the source of public funds, forcing the Treasury next time to get still more of its dollars from the central bank. And so on *ad infinitum*.

At this point I should again like to have permission to have included in *Hansard* a rather lengthy table which I have prepared to indicate the relationships of our money supply to the gross national product after World War II, that is from 1946 to 1958. I recognize that the choice of 1946 as a baseline for comparisons presents some statistical problems, because it focuses our analysis at a point of time when our money supply was already seriously inflated by wartime financing. I believe, however, that this table may have value for reference purposes.

Hon. Mr. Crerar: Is this based, may I ask, on Dominion Bureau of Statistics figures?

Hon. Mr. Wall: Yes, it is. The table is as follows:

RELATIONSHIP OF MONEY SUPPLY AND G.N.P.
(Basis—1946)

	(1) Total currency and chartered bank deposits[1]	(2)	(3) G.N.P. in current $	(4)	(5) % Ratio of G.N.P. (current) to "Money supply"	(6) G.N.P. in constant 1949 $	(7)	(8) %Ratio of G.N.P. (constant) "Money supply"
	$ million	Indexed 1946=100	$ million	Indexed 1946=100	Indexed	$ million	Indexed 1946=100	Indexed
1946	7,038	100.0	11,850	100.0	100	15,251	100.0	100
1947	7,236	102.8	13,165	111.1	108	15,446	101.3	98
1948	7,898	112.2	15,120	127.6	114	15,735	103.2	92
1949	8,210	116.7	16,343	137.9	118	16,343	107.2	92
1950	8,763	124.5	18,006	151.9	122	17,471	114.6	92
1951	8,759	124.5	21,170	178.6	143	18,547	121.6	98
1952	9,307	132.2	23,995	202.5	153	20,027	131.3	99
1953	9,789	139.1	25,020	211.1	152	20,794	136.3	98
1954	10,314	146.5	24,871	209.9	143	20,186	132.4	90
1955	11,397	161.9	27,070	228.4	141	21,961	144.0	90
1956	11,438	162.5	30,182	254.7	156	23,594	154.7	95
1957	11,923	169.4	31,443	265.3	157	23,558	154.5	91
1958	13,271	188.6	32,900[2]	277.6	147	23,746[2]	155.7	82
	13,271	188.6	32,300[3]	272.9	145	23,313[3]	152.8	81

[1] Includes Government deposits, p. 34 Bank of Canada Statistical Summary, 1957. Figures at December 31 each year.

[2] Preliminary estimate based on 11 months' data.

[3] Estimate of 1958 G.N.P. based on forecast in the December Issue of the *Canadian Statistical Review*—Page 1.

Now, if it is already true that the Government's fiscal arrangements for financing its public policies and projects involving, as they do, spending of a "locked-in-long-term" type have been almost exclusively through bank financing, is it equally true that we have already built up a great reserve of spending power with banks in a highly liquid position with enormous holdings of Government bonds that they can turn into cash in order to accommodate demands for credit? Why are so many responsible men warning us about the dangers of this situation which apparently presents us with alarming prospects of accelerated inflationary pressures? I would like to know whether these dangers are already very real without the further complication of the newest spending program I have mentioned. And, if they are, what can the Government do to contend with and to restrain the probable inflationary effects? Does this so-called potentially explosive situation mean that the Bank of Canada will be called upon to impose upon the private sector of the economy restraining controls perhaps in the form of higher interest rates and a smaller or directed volume of borrowings? Are these restraints to apply also to the public sector of our economy?

What have we done in the past, and how have these measures worked out? Are we facing an imperative need not only for higher taxes but for tighter money? At this point I have to digress and pursue these concepts of tight money and easy money, for I have found them difficult to pin down, even from a definitional point of view.

I need hardly stress what sport there has been during the past few years in what I may term the semantical manipulation of the concept of tight money, and I confess that I am not sure what exactly we do mean by it.

Do we mean administrative intervening in or regulation of the flow of borrowed funds to certain sectors of our economy, thereby interfering, if you will, with the freely-operating forces of supply and demand?

I ask this question in the light of sharp criticisms made by the Minister of Finance about the unjust distribution of the effects of former tight money policy. As reported on page 1163 of *Hansard* of the other house on November 14, 1957, the minister said:

> The tight money policy made its effects felt more severely with respect to house construction than perhaps in any other sector of the Canadian economy, unless it be in its effect on small business and credit to the agriculturalist.

I ask this question in the light of sharp 1956 Report of the Bank of Canada, pages 33 to 36, recounts efforts made by the Bank of Canada to alter the distribution of credit from the channels in which the market was disposed to carry it, following the dictates of supply and demand.

Perhaps by tight money we mean an insufficiency in the total amount of money available to our private and public economy. In this particular context, I am mindful of the rather striking feature of the 1957 Report of the Bank of Canada which gave data to show that as economic conditions softened after mid-August, 1957, "the money supply was expanded rapidly" with "total currency and chartered bank deposits" rising by $486 million or approximately 4 per cent. There appears, also, to be an implication in this 1957 report that the supply of money is an important determinant of interest rates and that this increase in the supply of money helped the then decline in interest rates.

If, therefore, easy money means a greater plentifulness of total currency and chartered bank deposits—and I am now thinking of the very great increase in our money supply in 1958—then I must confess that I am at a loss concerning the steady rise in our interest rates during the latter part of 1958.

Or do we mean by tight money high interest rates, that is dearer or more expensive money? If so, one could also ask who or what is responsible for higher interest rates or dearer money?

We immediately face this basic question; Are our interest rates not the result of the interplay of basic economic factors of supply and demand, plus the effects of interest rates in the United States, the United Kingdom and elsewhere, wherever large amounts of Canadian fixed securities are held?

Be that as it may, it may be of some significance if I point out that the relative levels of interest rates back at the time when tight money was the subject of public debate, say. August or November, 1957, and now are strangely comparable. If we had tight money then in the high-interest sense, what have we now when, for example, the latest issue of the City of Montreal 20-year debentures was floated at a net cost of 5.73 per cent; when, for example, short-term 13-month and 21½-month Government of Canada bonds are being issued at prices to yield respectively 4.76 per cent and 4.94 per cent? And who is now to blame?

I submit for your consideration the following bid prices of sample Canadian and provincial bonds:

	Aug. 2, 1957	Nov. 1, 1957	Feb. 25, 1958
Canada 3¼% 1976	$86.00	$89.75	$83.75
C.N.R. 3% 1966	87.00	90.50	90.00
Ontario 3% 1970	81.25	81.50	84.00
Ontario Hydro 4% 1976	87.00	81.00	88.50

I also submit for your consideration the fact that the current interest rate on the 91-day treasury bill borrowings is 3.78 per cent, just about the highest since the fall of 1957. Less than a year ago 91-day treasury bills were sold at an interest rate of 1.12 per cent. So in seven months this rate has more than tripled. The current Bank of Canada interest rate is 4.03 per cent, as compared with its record high, in August 1957, of 4.33 per cent.

Incidentally, the present American treasury bill rate is 2.80 per cent, and the Federal Reserve Bank interest rate is 2.5 per cent; and I wonder whether this differential may mean increased Canadian borrowings in the United States.

Honourable senators will understand why I am perturbed by this question: What degree of tighter money in this interest-rate sense are we likely to experience in the days that lie ahead? I shall not pursue this point any further, except to add that it seems important for our study of inflation to deal with the definitions and the problems of "tight" and "easy" money, and to establish their relationships to this overall problem of price increases or inflation.

Could it be that the Canadian public is anticipating still higher interest rates and more monetary inflation? For why has the equity-stocks market really loosed its moorings from all reasonable price-earnings ratios? What does the unexplainable bullish behaviour of the stock market really show? Are we to infer that the Canadian investors, be they individual or institutional, really expect such a tremendous upsurge in earnings, profits and dividends? Or does the behaviour of the market mean that Canadian investors are literally scrambling for equity securities because their psychology is alarmingly inflation-conscious? Now that the main estimates are known, have their fears been assuaged concerning further large scale deficit financing—perhaps for many years? And how? They wonder! Will there be further monetary expansion of the kind we have experienced since August 1957? If so, who is going to pay the greater part of the burden of this hidden, iniquitous tax?

May I remind honourable senators once again of the thousands of imprisoned creditors with their real savings in pension funds, annuities, insurance policies, savings certificates; and of the thousands on other fixed salaries and payments, be they from governments or from their former savings?

I commend to the attention of honourable senators these pertinent questions asked of the United States Government by a Mr. Henry Hazlitt in *Newsweek*, August 18, 1958:

> It is time to ask some blunt questions of the Congress and the Administration. Do you expect the debt to be paid off? Do you ever intend even to reduce it? If so, at what rate? Under what conditions? Are the conditions likely to be realized? Do you intend to pay off either principal or interest of even present (48 per cent) purchasing power, or do you mean to keep short-changing the Government's creditors by further depreciation?

I am nearing the end of my argumentation through which I wish to register in unequivocal terms my sincere and urgent plea or proposition that the Senate of Canada institute a comprehensive, organized inquiry into inflation and all its relative and attendant problems. And when we have the findings, both in their historical retrospect and in their current manifestations, let us give them wide circulation so that every Canadian will know.

For I believe that Canadians do not willingly subscribe to a fatalistic, psychological attitude that inflation is inevitable. Rather do I believe that Canadians reject the basic notion that creeping inflation is desirable or even acceptable. I venture to guess that the average Canadian, knowing something about technological advances and improvements in our productive capacities, believes that real growth and sustained employment can be attained minus a rising price level and plus a declining price level. I believe that the average Canadian expects that the forces of competition and the responsible restraint in price and wage policies by industry and by labour should prevent prices from rising, and that if these prove inadequate, then the full force of public attention must be directed on policies which would achieve this desirable end, so that all may share in our gains of productivity, and so that all may carry the burden of losses in productivity, whenever these may occur, on an equitable basis. I believe that Canadians do not live by the misguided illusion that we can get more out of our economy than we put into it, or that we can consume more than we can produce. I believe that Canadians will realistically face monetary and fiscal policies wedded to the principle that we should at least pay our current day-to-day expenditures out of current revenues, rather than live beyond our means on the kind of credit arrangements whose burdens are inequitably shared because they involve inflation.

I am reinforced in my conviction that in the most realistic and most productive manner possible the Parliament of Canada should proceed immediately on a comprehensive study of inflation and its attendant problems by what has taken place in the United Kingdom, where industrial production also has greatly increased, where the relative level of unemployment has been lower than ours,

but where there has also been one great failure, the failure to keep prices from rising. There, in 1957, the United Kingdom Government appointed an independent and permanent body called the Council on Prices, Productivity and Incomes. What to me is most significant is the fact that the United Kingdom Government recognized the existence of the basic problem of inflation, and proceeded to set up the kind of machinery it deemed best suited to its needs, to find out what are the facts and what are the possible avenues through which a just solution could be achieved.

I am advised that by an executive order dated January 22, 1959 the President of the United States created a cabinet committee on activities affecting prices and costs. In establishing the committee the President said:

> Although the Government has many programs that affect prices and costs including, of course, procurement, there is now no central mechanism for following their current operation to see whether they are being conducted in so far as possible in line with the need for reasonable stability of prices and costs. This newly established committee will provide such a mechanism.

And further:

> We need to make sure that we are not contributing to the nation's inflationary problem by the way in which we run our Government business.

In the context of these interesting developments in the United Kingdom and in the United States, and because we in Canada are also widely disturbed and perturbed by current inflationary pressures, I am convinced that we should initiate this comprehensive and organized inquiry into this national problem. We should attempt to seek out and to collate the best informed opinions concerning this present problem. These opinions should and must be supported by valid economic data. I believe that the Senate of Canada could and would render an important service to the people of Canada if it were to initiate and carry out this type of an inquiry with its own resources, which are not inconsiderable.

For all these reasons, perhaps imperfectly and inadequately expressed, I respectfully move, seconded by the honourable senator from Toronto-Rosedale (Hon. Mr. Leonard):

> That the Standing Committee on Finance be instructed to study the threat of inflation in Canada:
> That the committee have the authority to send for persons, papers and records, and to report from time to time.

Hon. T. D'Arcy Leonard: Honourable senators, in rising to second the resolution that has been so ably moved by the honourable junior senator from Winnipeg (Hon. Mr. Wall) I may say at the outset that he has covered the subject-matter of the resolution so comprehensively and so well that my remarks can be comparatively brief. But there are two points that I should like to stress. The first of them is that this is a subject not only of importance but of deep public concern throughout Canada at the present time. My second point is that I know of no better forum for the study of this important subject than a committee of this house of Parliament.

Now, dealing with my first point, that is the importance of the subject and the great concern being felt about it: All of us have been reading in the press statements by persons in responsible positions warning us of the dangers of inflation. In a previous debate the honourable senator from Inkerman (Hon. Mr. Hugessen) quoted this remark made by Mr. James Muir, the Chairman and President of the Royal Bank of Canada, at the bank's annual meeting:

> I believe chronic inflation is the greatest single threat to Canada's economic development.

I think it is only right that we should add the voice of the Bank of Montreal to that of the Royal Bank. At the annual meeting of the Bank of Montreal its President, Mr. Gordon R. Ball, referred to the "treadmill of inflation". He said:

> Let us resolve and work together, then, to stop this treadmill of inflation, for it is a race in which one must run to keep even, and a race that nobody wins.

In addition to the bankers, life insurance executives have dealt with inflation at their annual meetings. The honourable senator from Inkerman quoted also Mr. E. C. Gill, President of the Canada Life Assurance Company. May I add this remark made by Mr. A. S. Upton, President of Dominion Life Insurance Company of the city of Waterloo, Ontario, at the company's annual meeting on February 17:

> A national crusade must be started to defeat inflation.

And turning to the industrial field, one of our leading industrials, Rhys M. Sale, President of the Ford Motor Company of Canada, speaking to the Canadian Chamber of Commerce at Fort William, said:

> Inflation is a mighty problem. It is the termite that can bring our economic house down around our ears. Nothing short of war could pose a greater threat to Canada's future.

Now, those are very serious words, and I quote them as illustrations of the deep concern that is being felt throughout Canada. Obviously these gentlemen are not referring to some theoretical or abstract proposition; they are dealing with the practical realities of our economic situation today. Such statements must cause every thinking person to

stop, to ponder and to ask, "Are these opinions valid, and if so what should we do about it?"

It is true that there are others who are not so alarmed as those whose opinions I have quoted. There are always some individuals who stand to gain during a period of inflation regardless of what may be the overall effect upon our economy. Then there are others who, although they may dislike inflation, have come to believe that what they call a mild inflation or a creeping inflation may be a lesser evil than adoption of measures necessary to combat inflation, which might have some obnoxious results, and in particular might cause unemployment. Such thinking has been evidenced to some extent in the United States.

Then there are others who believe that an expanding economy such as ours must almost inevitably have some inflation, and they point to the fact that for over 20 years or more we have had some inflation in Canada. As to the last group, those who believe that some inflation is inevitable, I would like to put on the record some remarks made by a gentleman who has one of the finest minds in Canada, one of the men whose opinion we respect the most, Mr. Graham Towers. Speaking not apropos of the present situation, but dealing generally with the subject of inflation, in an address he gave in November, 1957, he said this:

> Nowadays, when so many people seem to have the impression that the value of money has been going down in war and in peace for many generations and that there is something inevitable about the process, I think it is worth while to remember that this has not in fact been the case in countries which have any claim to fiscal and monetary responsibility except as an adjustment to the financial consequences of war.

Then he quoted from the London *Economist* these words:

> The proposition that inflation is inevitable is not an acknowledgement of economic determinism, but a political judgment that the will to control it has disappeared.

Dealing with the group who prefer a mild inflation rather than the possibility of unemployment, which, they fear, might come from measures taken to combat inflation, I would like to emphasize the remarks made by my honourable colleague, that in Canada, where so much of our national production is for export purposes, it is difficult to see how we can reconcile any policy of mild inflation with a goal of full employment. Our export trade is dependent upon stability of prices. So a gradually rising level of internal prices makes it difficult for us to compete in world markets, and therefore to the extent that internal inflation prices us out of world markets we are bound to create unemployment.

It is not only our Canadian businessmen who have spoken of their concern on this subject of inflation in Canada. Competent observers outside Canada, men who are free from the influences and possible biases to which we who are in the midst of our own difficulties may be subject, have also expressed concern about our situation. I have two quotations to illustrate that point. The first is from the London *Times*, an editorial comment on its financial page, wherein it said:

> The recent retreat of the Canadian dollar would therefore seem to reflect the rather pessimistic view being taken in New York and elsewhere of Canada's inflationary economy.

The other quotation is from the Manchester *Guardian*, a well-known English paper. An editorial in its issue of February 14 had this to say:

> Canada has been since the war one of the most rapidly developing free countries in the world, and her natural resources make her future economic potential almost boundless. But she is approaching a dangerous cross-roads. Too few of her leaders seem to appreciate, or to be willing to give public warning of her growing monetary and financial problems.

The editorial concludes with these serious words:

> A devaluation of the Canadian dollar may be one part of the solution, much though it will hurt Canadian pride. But the only real step forward will be to stop Canadian internal inflation.

Those are strong words. We must all be concerned when responsible opinions at home and abroad voice such sentiments. It is not relevant to this motion whether you or I agree with those opinions, either in part or in whole. The point is they add up to a weight and volume of evidence that makes a case that must be heard.

That brings me to my second point, that a committee of this house of Parliament provides, in my opinion, the best forum for hearing evidence and advice from all sections of the Canadian public on this threat of inflation and for the study and consideration of such evidence and reporting thereon. It is one of the functions of Parliament to inquire into such matters of importance, and this house is, I think, particularly well equipped in its personnel and from its experience to undertake the work.

It is true, of course, that the Bank of Canada and the Executive of our Government have their responsibilities in this matter, and so have our provincial and municipal Governments; and indeed, if inflation really threatens, so have Canadian businessmen, and so have all of us. But it requires some

focal point, some such body as a committee of this Senate, to be a forum where the opinions and facts can be gathered together, considered, weighed and sifted, where public understanding and appreciation of the problem can be created, and, if necessary, where public support can be enlisted for whatever steps are required to combat any inflation that may threaten us.

Traditionally, committees of the Senate have a reputation for hearings where important matters are studied with care and deliberation, with open minds, without prejudice or partisanship, where witnesses are heard with courtesy and attention, and where the interests of the country as a whole are the paramount consideration. We have in this chamber men and women from all parts of Canada and from all walks of life, experienced in public affairs and in business, and competent to consider and to deal with this problem.

I believe that in adopting this resolution and in carrying out the work of the committee we can make a very worth-while contribution to the economic well-being of Canada.

On motion of Hon. Mr. Thorvaldson, debate adjourned.

DIVORCE

BILLS—THIRD READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill SD-79, an Act for the relief of Euphemia Caldwell Miller Armitt Esber, otherwise known as Effie Monas Esber.

Bill SD-80, an Act for the relief of Goldie Yelin Freedman.

Bill SD-81, an Act for the relief of Claire Segal Pottel.

Bill SD-82, an Act for the relief of Klara Schillinger Aschner.

Bill SD-83, an Act for the relief of Bernice Helena Peritz Loeb.

Bill SD-84, an Act for the relief of Margaret Soll Rajeczky.

Bill SD-85, an Act for the relief of Audrey Edna Watson Robert.

Bill SD-86, an Act for the relief of Abbie Alice Mahon Reed.

Bill SD-87, an Act for the relief of Alice Christine Leduc Patrick.

Bill SD-88, an Act for the relief of Georgina Joan Saunders Smith.

Bill SD-89, an Act for the relief of Bryan Mills Taylor.

Bill SD-90, an Act for the relief of Dorothy Sarah Sheehan Burchmore.

Bill SD-91, an Act for the relief of William Irvine Moore.

Bill SD-92, an Act for the relief of Audrey Lynn MacGillivray.

Bill SD-93, an Act for the relief of Sarah Goldfarb Nash.

Bill SD-94, an Act for the relief of Witolda Poplawska Wojciehowski.

Bill SD-95, an Act for the relief of Martha Waugh McClure.

Bill SD-96, an Act for the relief of Leslie Ronald Cant.

Bill SD-97, an Act for the relief of Cecile Desjardins Morin.

Motion agreed to and bills read third time and passed, on division.

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce, Nos. 111 to 125, which were presented yesterday.

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

Motion agreed to.

BILLS—SECOND READINGS

Hon. Mr. Roebuck moved the second reading of the following bills:

Bill SD-98, an Act for the relief of Dawn Jean McKenzie Barr.

Bill SD-99, an Act for the relief of Helen Ann Kovach Ujvary.

Bill SD-100, an Act for the relief of David Scott Brown.

Bill SD-101, an Act for the relief of Doris Margaret Turner Smiley.

Bill SD-102, an Act for the relief of Esther Mendelson Levy.

Bill SD-103, an Act for the relief of Joseph Louis Charles Gabriel Gascon.

Bill SD-104, an Act for the relief of Angelo Ciamarro.

Bill SD-105, an Act for the relief of Gerald Leblanc. (Annulment).

Motion agreed to and bills read second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Patrick Kerwin, P.C., Chief Justice of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker:

Hon. Roland Michener, Speaker of the House of Commons, addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1959.

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the royal assent to the said bill.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, February 26, 1959

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

Prayers.

ST. LAWRENCE SEAWAY AUTHORITY BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-25, to amend the St. Lawrence Seaway Authority Act.

Bill read first time.

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

Hon. W. M. Aseltine: With leave of the Senate, Tuesday next.

NATIONAL DEFENCE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-27, to amend the National Defence Act.

Bill read first time.

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

Hon. Mr. Aseltine: With leave of the Senate, Tuesday next.

DOCUMENTS TABLED

Hon. Mr. Aseltine: Honourable senators, I table the following documents:

Report on the administration of allowances for Disabled Persons in Canada, for the fiscal year ended March 31, 1958, pursuant to section 12 of the Disabled Persons Act, Chapter 55 of the Statutes of 1953-54, and amending Statutes. (French text).

Copy of the Ordinances of the Northwest Territories, assented to on February 3, 1959, as per list attached, pursuant to section 15 of the Northwest Territories Act, Chapter 331, R.S. 1952, as amended. (English text).

CANADA SHIPPING BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transportation and Communications, presented the report of the committee on Bill S-3.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (S-3) intituled: "An Act to amend the Canada Shipping Act", have in obedience to the order of reference of January 28, 1959, examined the said bill and now report the same with the following amendments:

1. Page 5: strike out clause 8.
2. Page 6: strike out lines 38 to 40 both inclusive and substitute the following therefor:

"(3) The Minister may make regulations exempting owners or masters from the requirements of subsection (1)."

3. Page 7: strike out lines 15 to 18 both inclusive and substitute the following therefor:—

"(e) authorizing an officer or pilot holding a pilot's licence issued by the Government of the United States to navigate any of the Canadian waters of the Great Lakes Basin described in his licence, if he is satisfied that under the laws of the United States pilots or officers holding licences or certificates issued by Canada are authorized to navigate the United States waters of the Great Lakes, their connecting and tributary waters, and the St. Lawrence River."

4. Page 7: strike out clause 12 and substitute the following therefor:

"12. Section 481 of the said Act is repealed and the following substituted therefor:

'481. Steamships not in excess of five tons gross tonnage and not carrying more than twelve passengers, and pleasure yachts propelled by mechanical power but not fitted with boilers for propelling purposes, are exempt from annual inspection and from the regulations made under section 410 except those respecting equipment and precautions against fire.'"

The Hon. the Speaker: Honourable senators, when shall these amendments be concurred in?

Hon. Mr. Hugessen: Next sitting.

PRIVATE BILL

EVANGELICAL MENNONITE CONFERENCE— REPORT OF COMMITTEE

Hon. John A. McDonald, Acting Chairman of the Standing Committee on Miscellaneous Private Bills, presented the report of the committee on Bill S-11.

The report was read by the Clerk Assistant as follows:

The Standng Committee on Miscellaneous Private Bills, to whom was referred the Bill (S-11) intituled: "An Act to incorporate The Evangelical Mennonite Conference", have in obedience to the order of reference of February 19, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. A. L. Beaubien: With leave, I move the third reading now.

Hon. Arthur W. Roebuck: Honourable senators, this is a bill to which I raised some objection. I am not objecting to passage of the bill and I have no special reason to

take a personal interest in it, but honourable senators will remember that before the bill was given second reading I called attention to section 14, which provides that documents for the transfer of real estate may be signed by the lawful attorney of an authorized officer of the corporation. I said I thought it was pretty bad conveyancing to allow an officer of a corporation, who is authorized to sign such deeds, to have it done by his lawful attorney. I understand that the bill came before the committee this morning and the committee decided to take no action in this matter. It appears that the same section has been used in a number of incorporations of a similar character over the years, and so I shall make no objection to the passing of this bill. The provision is not too important, although I think it is not good legislation. That was my only reason for speaking to it.

I understand there is before us a similar bill of which the honourable senator from Waterloo (Hon. Mr. Euler) is the sponsor. I shall raise no objection if he wishes to have it passed in this form, although I think he would be well advised to strike out the provision for signature by the attorney of an authorized officer of the corporation.

I think a good many honourable senators agree with the point I am making, and I shall not withdraw my objection if a bill is presented in this form in the future. However, I rather fancy that the officers of the Senate who are charged with the duty of scrutinizing legislation as it comes before us will in future take care of the matter. On that understanding I am satisfied to let this bill pass.

Hon. Gustave Monette: Honourable senators, when the bill was before the house on second reading I asked whether its powers were sufficient to provide for continuity of life of the corporation, or whether it would become extinct upon the death of the last survivor of the three incorporators. Since that time I have satisfied myself that the bill as presented, together with the general law, provides sufficiently for the continuity of this corporation. I am now in favour of passage of the bill.

Hon. Mr. Roebuck: Honourable senators, may I make one further explanation?

The bill gives authority to the corporation and its officers to execute documents transferring land. That of course is ordinarily within the jurisdiction of the provinces and we have no business whatever to legislate along those lines. So, objection was raised to it. However, it has been explained to me by our own officers that section 14, which authorizes the execution of documents, contains the words "if executed within the jurisdiction of the Parliament of Canada". The reference, therefore, must be only to the Northwest Territories and to the Yukon, and the law in the provinces is not affected. That is sufficient explanation of a section which would otherwise be highly objectionable. Hence, I have no objection on that ground either.

Motion agreed to and bill read third time and passed.

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, I move, with leave, that when the Senate adjourns today it stand adjourned until Tuesday next, March 3, 1959, at 8 o'clock in the evening.

Motion agreed to.

CIVIL SERVICE

CLASSIFICATIONS—INQUIRY AND ANSWER

Hon. Jean-François Pouliot inquired of the Government, pursuant to notice:

What was the total number of classifications in the Civil Service of Canada in 1918, 1938, 1958, respectively?

Hon. W. M. Aseltine: Honourable senators, I have the answer to the honourable senator's inquiry. It is as follows:

The number of classifications in the Civil Service of Canada in 1919, 1938, and 1958, is as follows:

September 1, 1919	1,862
September 29, 1938	1,974
August 18, 1958	2,192

N.B. We do not have a record of classifications for the year 1918.

DIVORCE

BILLS—THIRD READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill SD-98, an Act for the relief of Dawn Jean McKenzie Barr.

Bill SD-99, an Act for the relief of Helen Ann Kovach Ujvary.

Bill SD-100, an Act for the relief of David Scott Brown.

Bill SD-101, an Act for the relief of Doris Margaret Turner Smiley.

Bill SD-102, an Act for the relief of Esther Mendelson Levy.

Bill SD-103, an Act for the relief of Joseph Louis Charles Gabriel Gascon.

Bill SD-104, an Act for the relief of Angelo Ciamarro.

Bill SD-105, an Act for the relief of Gerald Leblanc. (Annulment).

Motion agreed and bills read third time and passed, on division.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY— DEBATE CONTINUED

The Senate resumed from Tuesday, February 24, consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Pearson, seconded by Hon. Mr. Choquette, for an Address in reply thereto.

Hon. W. D. Euler: Honourable senators, a few days ago one of my colleagues who sits not too far from me expressed the opinion that speeches on the Address were a waste of time, because nobody paid any attention to them. I think he might have said the same thing about almost all other speeches that are made in the Senate—

Hon. Mr. Roebuck: Except yours.

Hon. Mr. Euler: —because in a rather long experience I have found that very little attention is paid by the powers that be, including Governments past and present, to what senators have to say. In fact, I think I could count on the fingers of one hand—not including the thumb—pieces of legislation of public importance—I refer to public bills—initiated in the Senate which have reached the state of law and been incorporated into our statutes. It may be that the conception of the Senate as a body merely for examination of legislation that comes from the other house, and the introduction of private bills such as those to incorporate insurance companies and trust companies, and bills of divorce, is the right one, and that this should be its whole function. But if that is not so, and if members of the Senate desire to make an impact on the Government, they can do so only by influencing public opinion; and it seems to me, since I think that not one person out of a thousand reads the Senate *Hansard*, that the influencing of public opinion can be done only through the press. That, I submit, is pretty nearly a hopeless situation. For example, about three weeks ago Senator Hugessen made a notable and excellent speech on the finances of this country. Not one word of it appeared in a self-styled great national newspaper. The same is true of the speeches made by Senator Thorvaldson and Senator Robertson some time ago, and the outstanding address made yesterday by Senator Wall received exactly four lines in the morning paper.

Hon. Mr. Macdonald: A great deal of attention was paid to a speech you made on margarine not too long ago.

Hon. Mr. Euler: That was because my motion was defeated, I think.

The chief problems concerning the Canadian people at this time include those of unemployment, strikes, the cancellation of the Arrow, which is a temporary one, the huge deficits which the country is experiencing and which bid fair to continue for perhaps a good many years, and finally the problem of inflation.

I am not going to discuss inflation. One of my reasons for not doing so is that I do not feel I am quite qualified to discuss it in the same way as Senator Wall did yesterday. I fully approve of his suggestion that the subject-matter be referred to a committee. He discussed what the various causes of inflation might be, and if I were to say anything about it at all I would say that the fundamental cause of most of our trouble, including inflation and the high cost of living, is the fact that we have gone through two world wars and are preparing for still another. It seems to me it is an anomaly that a country is prosperous when it is either fighting a war or preparing to fight one, for what it is making or producing is for purposes of destruction, and in the end this cannot be good for the country itself.

I would like to speak for a moment about Canada's deficit. It is now calculated to be some $600 million to $800 million, but the amount will vary according to the statements that may be presented. How should we deal with the deficit? Three suggestions have been offered. One is to increase taxes. Another is to increase the national debt by deficit financing. The third suggestion, which to me is the most reasonable one, is to try to live within our means and not spend as much as we have been spending, for we definitely cannot afford it.

I will discuss briefly the idea of increasing taxes. I said last year or the year before that to increase taxes further seemed to me a very objectionable way of raising money, for if they were raised much higher we would soon reach the point of diminishing returns. Suppose you increase corporation taxes, for example. They are high now, being something like 50 per cent. Any increase in them, unless absorbed by the corporations themselves—and I am not here to argue on their behalf—would of necessity add to the cost and sale prices of their products. To some extent this sort of thing is destroying our foreign markets, which are so necessary for Canada. On the other hand, if the corporations absorbed the added tax burden it would decrease their profits and they would pay a smaller profits tax to

the Government. Likewise, if they decreased the dividends to their shareholders, the shareholders would have less money with which to pay income tax. So it seems to me that if the tax were increased it would very soon lead, as I have said, to the point of diminishing returns.

Now I come to the suggestion to increase the national debt. I read that one prominent Canadian the other day described the proposal as a very simple one. He said: "You increase the taxes or you increase the debt or both. It is just as simple as that." Well, to increase the debt now is a pretty difficult proposition. As my friend the junior senator from Winnipeg (Hon. Mr. Wall) said yesterday, it seems to be impossible now to get ordinary men and women who have small savings to put their money into Government bonds. I believe it is a fact that on the occasion of the conversion of the $6 billion of Victory bonds a good many of the bonds remained in the hands of the Bank of Canada, the chartered banks and such investing institutions as insurance companies. We know that, as I think was mentioned yesterday, these bonds are obtainable on the market at a discount of something like 5 or 6 per cent. As to the latest issue, which was for only a short period, the Government of Canada must sell them at such a price as to give a yield of nearly 5 per cent. This is an unfortunate situation. I am inclined to feel sorry for the person or Government that has to deal with it. Even now the interest on our bonded indebtedness is $680 million, which is more than twice what we spent for all purposes before the first war. According to the estimates, the budget this year will be in excess of $6,000 million. I put it that way because it is more striking than if you say $6 billion. The defence expenditures are estimated at $1,700 million, which again is an increase of $100 million over last year. And this is in peacetime. Since the last war we have spent enough money for defence purposes to pay off the national debt, build perhaps 100,000 houses and do far more than has been done on the Trans-Canada Highway and other worth-while projects. I am reminded of a discussion that took place when I was a member of the House of Commons and Mr. Bennett was Prime Minister, with the Conservatives in office. We were talking about the national debt, which at that time was only about $4 billion. We thought the burden was a crushing one and that we could not bear any more, and I suggested, not in jest but not very seriously, that the big taxpayers of Canada might like to pay off the national debt by a capital levy. I felt that way myself. The only difficulty is that if you paid off the national debt the Government, as in the past, would probably start another one.

Hon. Mr. Crerar: Hear, hear.

Hon. Mr. Euler: Not many persons who have spoken about our national problems have suggested reducing expenditures. An editorial that appeared some days ago in the Ottawa *Journal* criticized those who suggested reducing expenditures. In effect, it said, "Not one of those persons suggesting the reduction of expenditures has suggested in what manner this should be done". A list was given of expenditures on a number of items, including: defence, $1,700 million; public debt charges, $680 million; old age pensions, $577 million; family allowances, $495 million; and old age assistance, $32 million. I was rather surprised at that last item, because I thought the amount was a good deal higher. The article more or less castigated those who suggested making reductions without saying where they should be made, and it challenged anyone to say where they could be made. I should like to make a few comments on this.

Take, for instance, old age assistance. I am in favour of that. I am receiving it myself, so why wouldn't I be in favour of it? But why in the world should anyone who does not need old age assistance receive it? The same comment holds good of family allowances, which amount to a large sum, $495 million. I am not going to express any opinion at present on the merits of family allowances, but I will say this, that in the olden days when a man produced a family he pretty well expected to take care of it himself, and not have it cared for by the taxpayer. While I am not trying for one moment to make a case against family allowances, I cannot see why parents who are able to take care of their own children should not do so, or why both rich and poor should be paid $5 to $8 a month for every child, whether the money is needed or not.

As to public debt charges, I admit that a government cannot do very much about them. We cannot very well repudiate our indebtedness, though some day we might come to that. If we continue to increase our debt charges, it might mean that the Government will ask the holders of bonds to take a lower interest rate. I hope that will not happen, for it would be rather unfortunate.

Now I come to the largest item of all, defence, which amounts to $1 billion 700 million. I think this is where we could effect a very great saving, for the simple reason that the weapons and so on for which we are voting the money could not defend us. I will deal with that a little later. I merely say now that a great deal is wasted.

I will revert to the Arrow for a moment. While the present situation is a temporary one and everyone must regret the effect upon those who have lost their jobs, I hope we never adopt the philosophy that will permit or promote the spending of Government money for purposes of destruction, or for useless or wasteful purposes, merely for the sake of providing employment. I support the Prime Minister in the action that he took. As a matter of fact, I wrote him a letter approving his action. I think he did the right thing, and it must have been a difficult thing to do. The only criticism I have—and perhaps it is not a strong one—is that he might have made it clear last fall that the Arrow was going to be dropped, and so have relieved us of all uncertainty with regard to the matter.

Now I am going to come back to the one item of defence expenditure which I say is in a great measure a waste. My reason for saying so is that the whole aspect of war and defence has changed since the coming of the intercontinental missile, against which there is no defence. I could produce a great deal of evidence in the form of statements by officers, public men and others, who know that is the fact. I think it is generally acknowledged. I will not take up much time in trying to prove it, but will read from an article dealing with a statement made by General Simonds on November 3, 1958, at Montreal. The article says:

> He expressed the belief that Canada's projected defence expenditures outlined in the federal budget are more than the country can afford.

That is what interested me from the first.

The article goes on to say:

> "I don't believe," he said, "there is any sense in expending large sums of money on a defence which cannot be really effective in any event."
>
> The combination of radar detection lines—

I see the Americans are now generously offering to take over those radar lines, which I think were a waste of money, in the first place.

> —and interceptor fighters had a reasonable chance of offering defence in the period of the atomic bomb. But it lost its validity the day the H-bomb became a reality.

In the letter I wrote to the Prime Minister some time ago I urged him not to go on with the Arrow, as we call it. I thought it would be just throwing good money after bad, as the Arrow could not discharge the purpose for which it was intended, of intercepting the intercontinental bomb. The bomb could come from Russia in a period of 20 minutes and no one could stop it. After General Norstad, head of NATO in Europe, completed his address to a joint sitting of members of both chambers last year, I had the privilege of speaking to him for a few minutes. It was just about the time that the first Russian Sputnik had been put into orbit. I said to him: "Apparently the Russians have proved that they have the power to send a missile practically anywhere in the world, certainly anywhere in North America. Now, if they have the number of intercontinental missiles they claim to have, and are able to pinpoint targets and hit any place in North America, say any large city, what defence is there against the missiles?" The General's reply was, "There is no defence."

Honourable senators, it is not necessary to describe what another war would do, but I would like to read the opening sentence of a dispatch from Washington:

> Washington: Some 160,000,000 persons—almost 90 per cent of the total U.S. population—could be killed in an effective hydrogen bomb attack on 150 major American cities, it was estimated in testimony made public by a congressional committee.

That estimate may seem like an exaggeration, but apparently it is more or less authoritative.

I have some hesitation in reading an article from the *Financial Post*, but I will do so. This is from the issue of August 16, 1958:

> In a world filled with fatuous nonsense and double-talk, it is tragic that the subject of defence brings out the most foolishness.

I assure the house there is no party politics in this.

> Last week Canada's Defence Minister told the House of Commons: "We have an adequate defence to meet the possible attack of today."
>
> That just isn't so. Such a statement blandly ignores the fact that it requires only one plane, carrying a thermonuclear bomb, to get through our defences and wipe out any one of our major cities.

The writer goes on to say how it would be possible for a Russian bomb, or a number of Russian bombs, to come across to America and wipe out American cities. In addition to that, we are told that the Russians have something like 500 submarines, and they can approach our coasts, remain submerged and fire their missiles from beneath the water. I think there is no doubt about it that they could destroy all the cities on the Atlantic coast, and that intercontinental missiles could wipe out the rest of the American cities, and of course Canadian cities as well. What the Russians would do with America if they destroyed its cities, I do not know.

On the other hand, while NATO, and we will say the Americans, have not the long-range bomb that the Russians have, they do have a bomb with a sufficiently long range to destroy the Russian cities. Surrounding Russia, and especially in Western Europe, NATO has something like 400 airfields supplied with

bombers and the atomic bomb, from which they could reach and destroy any part of Russia.

The point I want to make is simply this: If it is possible for both sides to destroy each other, is it not suicidal for us to continue to try to defend ourselves against something that is indefensible? Another war would mean world suicide.

We say that we will never start a war. President Eisenhower says he will never start a war. I do not know whether he can count on his Secretary of State to say the same thing. Prime Minister Khrushchev has said repeatedly that the Soviets will never start a war. You may say we cannot trust Mr. Khrushchev. Perhaps we cannot, but I will say that he is not altogether foolish. Realizing, as he must, that Russia itself would be destroyed if he started a war, he surely has the common sense not to do it.

If the world would get over its war hysteria—I almost said mass insanity—what would be the common sense thing to do? Would it not be to get together and decide there shall not be, and must not be, another war. As I have said before, we must have co-existence or else there will be no existence.

I am glad to see that the Prime Minister of Great Britain is at present in Russia conferring with the Russian Prime Minister. He may not have any success. We have read in the press recently something to the effect they are not getting along any too well. I do not attach too much importance to what the newspapers say with regard to that. He has at least started something that may lead to tangible results, and I wish him well. This getting together is the first logical and sensible thing that has been done by our side. I have no hesitation in saying that the foreign policy of the United States has been not only stupid but dangerous to a high degree.

Why should we not live in peace with Russia? We did it before, when Russia had an autocratic government. Russia belongs to the United Nations, and China also should belong, in my opinion. We have a socialist Government in western Canada, and we are gradually becoming socialistic. The federal Government owns the Canadian National Railways, runs the post office, pays mothers' allowances, old age pensions, and so on. Ontario owns a great hydro-electric power system, operated as a socialistic undertaking, and some of the provinces own their telephone and telegraph systems. They all run a liquor business. Municipalities own most of their public utilities. So, we are going pretty far in the direction of socialism.

I have never been able to understand entirely the difference between socialism and communism. It used to be said that the socialist was willing to bring about socialism by persuasion, but that the communist was ready to fight for communism. We hear now that Mr. Khrushchev is objecting to the speed with which China is heading into communism. Karl Marx said that socialism was the first step toward communism. Well, if it is just a step toward communism they must certainly be of the same nature.

There is another reason, in my opinion, why the Russians would be very foolish to go to war: they are winning the cold war now; they are expanding all the time. As long as we carry on the cold war we shall be wasting our substance in producing useless weapons, because we could not defend ourselves against the intercontinental bomb. To my mind, the great peril from Russia now is not an atomic war, but an industrial war, and it will be pretty hard for the Western nations to fight Russia under the circumstances. She has tremendous natural resources, her scientists are probably just as good as ours, and wages and production costs are not as high in Russia as in Canada and the United States. What Mr. Khrushchev is saying now is: "We are going to compete with you, we are going to attack you on the lines of industry." So, instead of wasting our substance in useless expenditures, let us prepare to meet the danger which may very soon become a real one—competition in the industrial field from Russia and probably China.

Now, honourable senators, I have almost completed my remarks, but I want to leave with you one suggestion: I believe it to be true of the Western nations that Canada stands higher in point of influence than any other country with the exception of the United States and Great Britain, and perhaps France and Western Germany. Sometimes we may have a rather exaggerated idea of our importance, but perhaps in many ways that is not a bad thing in these days, if not carried to extremes.

During the recent election campaign the present Prime Minister called upon the people of Canada to catch a vision of what her future might be, especially in the development of our great northland, and his eloquence and fervor made an impression on the Canadian people. I wish that Mr. Diefenbaker would catch a still greater vision, a vision of a world of enduring peace, a vision of what he as Prime Minister of Canada could

do if he took the initiative in urging a meeting at the Summit, perhaps with the assistance of the United Nations, a gathering of the heads of nations, for the making of an agreement that will outlaw war, for the suppression of the suicidal bomb, for an agreement to live and let live, for an agreement for co-existence, lest there be no existence at all.

The opportunity is now. Let the Prime Minister seize it, and he may go down in history as the man who took the lead in preventing annihilation of the human race. That is for him an enviable privilege and a solemn duty.

On motion of Hon. Mr. Hnatyshyn, debate adjourned.

INFLATION

On the order for resuming the adjourned debate on the motion of Hon. Mr. Wall:

That the Standing Committee on Finance be instructed to study the threat of inflation in Canada;

That the committee have the authority to send for persons, papers and records, and to report from time time.—(Honourable Senator Thorvaldson).

Hon. Mr. Thorvaldson: Honourable senators, I move that debate on this motion be further adjourned until Tuesday next, March 3, and that it be the first order for that day.

Motion agreed to.

The Senate adjourned until Tuesday, March 3, at 8 p.m.

THE SENATE

Tuesday, March 3, 1959

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

Prayers.

NORTHWEST TERRITORIES BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-26, to amend the Northwest Territories Act.

Bill read first time.

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

Hon. Mr. Aseltine: Thursday next.

NATIONAL HOUSING BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-28, to amend the National Housing Act, 1954.

Bill read first time.

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

Hon. W. M. Aseltine: Honourable senators, with leave of the Senate, I move that this bill to amend the National Housing Act be placed on the Order Paper for second reading tomorrow and that it appear as the first order thereon. I may say that there is coming to us from the other house a very heavy program of legislation, which will have to be considered before the Easter adjournment—about ten or twelve bills in addition to the four that we have before us now. In view of the possibility that some honourable senators may want this bill to be referred to a committee for consideration I would like to have the second reading stage of the bill commence tomorrow afternoon, in the hope that we will be able to finish with all these measures before the Easter adjournment.

Hon. Mr. Farris: When will the Easter adjournment start?

Hon. Mr. Crerar: May I ask my honourable friend if he can give the house any information about the Easter adjournment?

Hon. Mr. Aseltine: Honourable senators, as far as I can ascertain, the adjournment of the Senate should start between the 20th and the 25th of March, and I am hoping that it will be for at least two weeks or perhaps a little longer.

Motion agreed to.

DOCUMENT TABLED

Hon. Mr. Aseltine: Honourable senators, I table the following document:

Report of the Civil Service Commission of Canada dated December 1958, entitled: "Personnel Administration in the Public Service". (French text).

PRIVATE BILLS

PACIFIC STANDARD LIFE INSURANCE COMPANY—FIRST READING

Hon. Stanley S. McKeen presented Bill S-12, to incorporate Pacific Standard Life Insurance Company.

Bill read first time.

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

Hon. Mr. McKeen: Thursday of this week.

CANADIAN GENERAL COUNCIL OF BOY SCOUTS ASSOCIATION—FIRST READING

Hon. Norman P. Lambert presented Bill S-13, respecting The Canadian General Council of the Boy Scouts Association.

Bill read first time.

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

Hon. Mr. Lambert: Honourable senators, a word of explanation of this bill at this stage may not be out of order. It is a bill that seeks to amend the act of 1914 respecting the Canadian General Council of the Boy Scouts Association, in order that certain monetary limitations on the annual value of real estate held for the use, occupation and benefit of the corporation may be removed. The purpose of the bill will be explained in detail on second reading, which I suggest should be given on Thursday. It is sufficient to say at present that the proposed legislation follows a pattern which has been adopted in bills such as one passed in 1957 relating to the Salvation Army—a pattern which, by the way, is being embodied in new bills of incorporation where expanding values of real estate constitute a problem in determining a correct or more accurate annual increase representing the assets of institutions such as this one. With these preliminary remarks, I move that the bill be placed on the Order Paper for second reading on Thursday.

Motion agreed to.

CONGREGATION OF SISTERS OF HOLY FAMILY OF BORDEAUX—FIRST READING

Hon. Gustave Monette, for Hon. Leon Méthot, presented Bill S-14, to incorporate the Congregation of the Sisters of the Holy Family of Bordeaux.

Bill read first time.

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

Hon. Mr. Monette: Thursday next.

CIVIL SERVICE

SALARIES—NOTICE OF INQUIRY

Hon Jean-François Pouliot: Honourable senators, I am raising a question which I will put orally before sending it in writing to the Clerk:

How many grades, classes or classifications of salaries were there in the Civil Service of Canada each year from 1908, the year that the commission was established, until 1918, the date of the reorganization by the Griffenhagens?

I ask this because in reply to an inquiry I was told that before 1918 the Civil Service Commission had no records. I wonder if those records have been incinerated by order of the public records committee. This would be one of so many instances when it was done.

DIVORCE

REPORTS OF COMMITTEE

Hon. F. W. Gershaw, for Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 126 to 139, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

BILLS—FIRST READINGS

Hon. Mr. Gershaw, for Hon. Mr. Roebuck, presented the following bills:

Bill SD-106, an Act for the relief of Morris Gordon.

Bill SD-107, an Act for the relief of Maurice Castonguay.

Bill SD-108, an Act for the relief of Rita Lucia Palmieri Bellefleur.

Bill SD-109, an Act for the relief of Alex Groot.

Bill SD-110, an Act for the relief of Gustave Rene Gosselin.

Bill SD-111, an Act for the relief of Marie Berthe Jeannine Quesnel Patenaude.

Bill SD-112, an Act for the relief of Wauneta Langill Bourque.

Bill SD-113, an Act for the relief of Pierrette Bertrand Suchereault, otherwise known as Pierrette Bertrand Chussereault.

Bill SD-114, an Act for the relief of Yolande Bosse Murphy.

Bill SD-115, an Act for the relief of Joseph Rolland Wright.

Bill SD-116, an Act for the relief of Rosalie Jakes Reisinger.

Bill SD-117, an Act for the relief of Jacqueline Ann Rosenfeld Bernstein.

Bill SD-118, an Act for the relief of Margit Elizabeth Mary Temke Malcolm.

Bill SD-119, an Act for the relief of Celia Claire Kanigsberg Dickman.

Bill SD-120, an Act for the relief of Constantin Deacur.

Bills read first time.

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

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

GOVERNMENT BONDS

INQUIRY AND ANSWER

Hon. A. K. Hugessen inquired of the Government, pursuant to notice:

With respect to the recent issue of short term Government of Canada bonds totalling $200,000,000, divided into the following maturities—
$ 85,000,000 2¾% bonds due April, 1960;
$115,000,000 3% bonds due November, 1960;
what principal amount of each maturity has been allotted—
(i) to any one or more of the chartered banks taken collectively as a group;
(ii) to the Bank of Canada;
(iii) to Government account and/or to Crown corporations;
(iv) to investment dealers classified as primary distributors.

Hon. W. M. Aseltine: I have the following answer to the honourable gentleman's inquiry:

	2¾% bonds due April 1, 1960	3% bonds due Dec. 15, 1960
(i) Chartered banks		
Clients and Trading	$ 6,135,000	$ 12,925,000
H. O. Pension Fund	15,340,000	165,000
	$21,475,000	$ 13,090,000
(ii) Bank of Canada	Nil	Nil
(iii) Government accounts	3,000,000	3,000,000
(iv) Investment dealers	60,525,000	98,910,000
	$85,000,000	$115,000,000

APPROPRIATION BILL NO. 1

ANSWERS TO QUESTIONS ON SUPPLEMENTARY ESTIMATES

Hon. Mr. Aseltine: Honourable senators, I have answers to the five questions which were asked of me last week during the debate on the second reading of the Appropriation Bill covering the supplementary estimates. I have copies of the answers for each honourable senator.

Hon. Mr. Macdonald: For each honourable senator in the house or for each honourable senator who asked a question?

Hon. Mr. Aseltine: I have copies for the honourable Senator Isnor, who asked two questions, the Honourable Senator Taylor (Westmorland), the Honourable Senator Connolly (Ottawa West), the Honourable Senator Pratt and the Honourable Senator Hugessen.

Hon. Mr. Macdonald: Do I understand that these answers will appear in *Hansard*?

Hon. Mr. Aseltine: Yes.

Hon. Mr. Beaubien: Apparently the honourable leader (Hon. Mr. Aseltine) has not an answer to the question I asked during that debate. He might look it up sometime.

Hon. Mr. Aseltine: I read through the debate carefully and I am sorry if I missed the honourable senator's question. I will look into the matter.

With permission of the house I will place these questions and answers on *Hansard*:

Question by the Honourable Senator Isnor, page 207 of *Hansard*:

Question: Vote 710 reads as follows:

"Payments in connection with the movements of coal under conditions prescribed by the Governor in Council—Further amount required, $630,000".

What is the meaning of the words "prescribed by the Governor in Council", and what are those conditions as they affect the unemployment situation in Nova Scotia?

Answer: The words "under conditions prescribed by the Governor in Council" indicate that formal Regulations of the Governor in Council exist which set out the conditions under which payments may be made and the rates of payment.

The Regulations presently in effect are set out in P.C. 1958-516; P.C. 1958-518; P.C. 1958-519; P.C. 1958-20 and P.C. 1958-21.

With regard to the second part of the question (as to what effect those conditions have on the unemployment situation in Nova Scotia) changes in the regulations which have the effect of enlarging the market for Nova Scotia coal obviously have a beneficial effect on the unemployment situation in the Nova Scotia Mining Industry. Early in this fiscal year, the Government approved new regulations providing for increases in the rates of subventions to allow Nova Scotia coal to move further west of Montreal. The cost of this additional assistance gives rise to this item in these Supplementary Estimates.

Question by the Honourable Senators Isnor and Pratt, page 208 of *Hansard*:

Question: With regard to Vote 710—

"To whom were these payments (of coal assistance) made? Were they made to mining companies or to the railways for carrying the coal?"

Answer: The payments of subventions for the movements of coal are paid to the transportation companies. These are mainly the railway companies except the subvention for water borne coal which is paid to the Dominion Coal Company which is the charterer of the ships.

Question by the Honourable Senator Isnor, page 208 of *Hansard*:

Question: On the question of coal assistance for the mining area of Cape Breton:

"What are the unemployment figures today, as compared with those of last year and perhaps the year before . . . in the Cape Breton area."

Answer: The following figures represent the number of persons in receipt of Unemployment Insurance benefits and those registered as seeking employment at the Sydney and Inverness offices of the National Employment Service:

	Feb. 12, 1959	Feb. 13,1958	Feb. 14, 1957
Sydney	11,217*	6,198	4,779
Inverness	1,448	1,520	1,300
	12,665*	7,718	6,079

*Includes 4,000-5,000 coal miners on temporary lay-off during February. This one month lay-off was ordered at the end of January due to the surplus level of coal banks at that time.

Question by the Honourable Senator Connolly (Ottawa West), page 210 of *Hansard*:

Question: With regard to Vote 712 (Federal assistance to the provinces on forest access roads and trails):

"What proportion of the contribution to this work is paid by the provincial governments and what part by the federal government; and can the figures be produced later as to the number of people who have been employed in this work, and for how long?"

Answer: As specified in the Vote title of Item 712, the formula of assistance for this program is that the federal government pays "amounts equal to one-half of the amounts confirmed by the Provinces as having been spent by them in establishing forest access roads and trails, etc."

With regard to the number of people employed in this work, it is estimated that the work involves 5,762 man-months of labour during the five month period (Nov. 1958-March 1959).

Question by the Honourable Senator Taylor (Westmorland), page 223 of *Hansard*:

Question: With regard to Vote 697 (Freight Assistance on Western Feed Grains) which provides a total of $2,500,000 of which $2,000,000 represents an increased amount on grain shipped and $500,000 required to meet the recent increase in freight rates:

"Does the $500,000 cover the total increase (in freight rates) or only a portion, and if so what portion?"

Answer: An amount of $500,000 was included in Vote 697 to cover all but $1 per ton of the increased price of delivered grain resulting from the 17 per cent freight rate increase. The increased freight rates took effect on December 1, 1958, and therefore affect payments made during the last four months of the present fiscal year.

INFLATION

MOTION TO INSTRUCT FINANCE COMMITTEE TO MAKE STUDY—DEBATE CONTINUED

The Senate resumed from Thursday, February 26, the adjourned debate on the motion of Hon. Mr. Wall:

That the standing Committee on Finance be instructed to study the threat of inflation in Canada;

That the committee have the authority to send for persons, papers and records, and to report from time to time.

Hon. Gunnar S. Thorvaldson: Honourable senators, I am sure we were all intensely interested in the speeches of the honourable

the junior senator from Winnipeg (Hon. Mr. Wall) and of the honourable senator from Toronto-Rosedale (Hon. Mr. Leonard) on the subject of inflation. I wish to compliment both senators upon their excellent and well-documented speeches, although they were to some extent theoretical treatises on the subject of the inimical results of a rising commodity price level. Indeed, there are few, if any, of the statements made in those speeches dealing with the nature of the subject of inflation or of the possible bad effects of a runaway inflation that I would care to dispute. Most of the questions posed were, indeed, ones which economists have, with more or less success, been attempting to answer for a hundred years or more. Indeed, the subject-matter of price levels is a basic problem in the science of economics.

For purposes of the record, may I describe briefly the facts of our rising commodity price levels in Canada since 1939? During the six years of war the cost-of-living index went up about 10 percentage points. Between 1946 and 1948, as price controls were in the process of being removed, it shot up another 20 points. The increases then became moderate, but soon the Korean war set off another burst and the index went up again, 14 points in a year and a half; but that again was war. In the four years 1952-1955 the index was stationary, but began to move up in 1956. In that year it rose slightly less than 2 percentage points; in 1957, nearly 4 points; and in 1958, as the honourable junior senator from Winnipeg mentioned in his speech, 2½ points. So the most recent spiral began in 1956, carried on through 1957 and 1958, and according to present Dominion Bureau of Statistics figures is now reasonably stable. So in the result since 1939, a period of 20 years, the Canadian price index has risen by about 60 points, or an average of 3 percentage points per year.

It is, of course, well known that the rise in the commodity price index figures in the United States is practically identical with our own, and at the identical periods of time. In other words, their price index went up or remained stationary, as the case may be, during exactly the same periods as in Canada, and to a similar extent in each case. I think we should fully understand to begin with, therefore, that although this matter of inflation is with us a Canadian problem, it is also a continental one, where our economy appears to react in identically the same manner as the economy of the United States.

Another preliminary fact which I would like to note at this point is that there are economists and others who advocate a mild or so-called "creeping" inflation, namely, a "gently-rising price level", as a beneficial way of life. I am sure that we have all heard of Professor Sumner Slichter, of Harvard university, who is a leader of this school of thought.

I mention this fact merely to indicate the breadth and complexity of the subject of inflation itself, and the fact that there is not even agreement on the point which the mover and seconder of the motion take for granted, namely, that all or any inflation is a bad thing.

Now, surely the first thought that emerges from figures which I have recited is that if a committee of the Senate is an appropriate forum for the study of the problem of the commodity price index or the value of the dollar—both of which are included in the economic concept known as inflation—then perhaps we should have begun the study at least fourteen years ago, namely, at the close of the war. However, I would now like to give you the reasons why such a task was not even thought of as being appropriate for study by a committee of the Senate, and why such action is inappropriate now.

May I repeat the first quotation made by the honourable junior senator from Winnipeg (Hon. Mr. Wall), where he quoted the President of the United States as follows:

> Inflation can be prevented. But this demands statesmanship on the part of business and labour leaders and of Government at all levels.

I agree with this statement, and I wish to amplify it in the following manner. President Eisenhower says in effect that inflation can be controlled: (1) if statesmanship is exercised by business—presumably business leaders; (2) if statesmanship is exercised by labour—presumably labour leaders; and (3) if statesmanship is exercised by Government at all levels.

The trouble is, of course, that the type or kind of statesmanship on the part of all these sections of the economy is not defined, and indeed for a very good reason. The reason is this, that although perhaps a majority of people hold the view that inflation is a bad thing, nevertheless very few economists or business leaders or labour leaders, or indeed political leaders, are agreed upon the courses that should and that can feasibly be taken to change the course of events in this sphere of the economy. For instance, many economists and bankers are convinced that deficit budgeting is an inflationary factor in our economy. These people say you must tax more, or spend less, or do both. These are problems that are dealt with in the Committee of Ways and Means in the other place, and we have of course no such procedure in this house.

I have looked at a statement of the revenues and expenditures for each fiscal year since 1867. In that year the Dominion of Canada commenced its operations with a capital expenditure which meant a deficit of $75 million. This arose from agreement with the provinces to surrender the revenue that they had previously obtained from customs, in return for which the new Dominion assumed their debts. In the years 1867 to 1902 there were only three years in which there was a surplus, and a small surplus at that in each year. Up to and including the year 1911, from the time of Confederation, there were only six years in which there was a surplus: in all other years there was a deficit, ranging as high as $45 million.

It is to be remembered also that not until the year 1900 did the total revenues of Canada reach $50 million. In 1909 the total revenue was $85½ million, and the deficit $45 million—that is the deficit of which I spoke a moment ago—which was more than half the total revenue. In 1913, under the Government of Sir Robert Borden, there was a surplus of $26.5 million, which was by far the largest surplus we had up to that time.

Then, of course, we had deficits throughout the First World War. In 1919 there was a deficit of more than $382.5 million, which was in excess of the total revenue collected in that fiscal year. In 1920, with the revenues still less than $350 million, the deficit was more than $390 million. In 1921 the deficit was more than $92 million. In 1922, under the new administration, the deficit was more than $81 million.

Then it tapered off for a number of buoyant years and we had surpluses. Next we had the depression years, the period of world-wide depression which Canada alone was helpless to correct. I find that in 1933 we had a deficit of $220.5 million, and in that year our total revenue was a little more than $311.5 million. These deficits tapered off, but in 1936 we still had a deficit of almost $160 million. Then came the war years, which need not be dealt with because the deficits, for reasons known to all of us, reached the proportions of one-half the budget. Indeed, you will recall that the deficits for some of those war years were of the order of $2.5 billion per year.

For the current fiscal year the Government has budgeted for a total revenue, excluding the Old Age Security Fund, of more than $5 billion, and it is thought that our deficit will range in the vicinity of, say $700 million. This, on a percentage basis, would be approximately 14 per cent of revenue.

In the 1930's, at the time of the world-wide depression, the deficit ran as high, as I said, as $200.5 million, against a total revenue of somewhat more than $311.5 million, or a percentage of 70 per cent of revenue. Yet, it is to be noted that at the end of the depression and despite the large budget deficits of those years, Canada's credit was maintained at the highest level it ever enjoyed.

Now, how is it that this country has taken these deficits in its stride and its credit has at all times remained high? The reason is, I think, obvious: it is because of our growing resources, the expansion of our industry and the continuous growth of our gross national product.

I have given these figures of previous deficits, not with an air of complacency, but so that we should remember that the deficit we are facing today, in view of the gross national product, is not colossal on a percentage basis and should be no cause for undue alarm. Consequently, I suggest to honourable senators that upon any investigation of the problem of inflation there is bound to be very considerable disagreement among witnesses, be they economists, bankers, businessmen or others, in regard to the overall effect of the deficit budgeting being done under present circumstances. If you have any doubt as to the validity of that statement I would refer you to the content of the book that I hold in my hand. It is a compendium of papers submitted before the Joint Economic Committee of the Congress of the United States by 47 leading economists of that country. It is dated March 31, 1958. The subject of the study is the relationship of prices to economic stability and the growth. In other words, it is a study on the subject of inflation.

I will be referring again to the work of the Joint Economic Committee of the Congress, but in any event the problem of deficit or surplus financing, or that of a balanced budget in present circumstances in this country is a political problem for which the Government of the day must assume full responsibility. Furthermore, the only people of Canada who are really competent to testify in regard to this budgetary problem are the senior officials of the Department of Finance and of the Bank of Canada, as well, perhaps, as senior economists who have made a study of this particular question. I will try to indicate in due course why it would be inappropriate to ask these officials to testify before a committee of the Senate on an inquiry of this kind.

The honourable mover (Hon. Mr. Wall) referred to the problem of, as he called it, unemployment or inflation. I quote from his remarks:

—unemployment or inflation—which do we tackle first?

He continues:

I would welcome guidance upon this point.

And he then adds:

—and this could conceivably come from the study I am suggesting—.

My answer to this is that if there should be at present prior emphasis laid on either of these elements, namely, unemployment or inflation, then such is a matter for Government consideration and decision. The fact is that the problem of price stability and employment are inseparable. And consequently, in the United States the studies made by the Joint Economic Committee of the United States Congress, which I referred to a moment ago, have been studies not in regard to inflation alone, but of inflation in relation to other factors in the economy, such as unemployment.

The honourable senator then proceeds to ask the question—the answers to which he says should be discovered by the Finance Committee—as to what factors are most to blame for inflation. He asks:

Are wage increases to blame?

Then he says:

Now, we get into a wide range of opinions.

I suggest, honourable senators, that the committee could be hearing evidence on this point till doomsday. There will certainly be ample disagreement.

The honourable senator further asks:

Is it the level of profits and other returns in private enterprise that has caused inflation?

And now let me quote the next question. Honourable senators, when I refer to these questions I am not suggesting that they are the very questions to be asked, but I am reading this next paragraph to indicate the tremendous magnitude of the problem involved in this whole matter, and to indicate the basic problem that it is suggested should be examined by the Finance Committee. I quote now from the honourable senator's speech:

Perhaps the agricultural sector of our economy is responsible for price increases? If so, we should find out whether farm incomes are too high and above parity as compared to the parity received by organized labour or capital. Perhaps the findings of the Price Spreads Commission will be significant in this regard.

Are capital and management getting more than parity, whatever parity may mean? Although it is argued that the level of corporation profits and other financial returns to management and entrepreneurs has been somewhat lower in 1958, could it be that capital and management are still getting more than their share, and that further redistribution of our national wealth is necessary if we are to achieve in greater measure the democratic fruits of distributive justice?

I repeat, I have set these questions out at length for one main purpose, namely, to indicate their vast scope. I think we would have to have a high level royal commission sitting not for a month or two, as this committee would, but over a period of from one to three years, to come to grips with these broad and fundamental questions.

Now, let me come to the next question:

Is it the kind of Government spending and financing that is the problem? Could it be, honourable senators, that the kind of deficit financing now being undertaken by our three levels of Government is one of the hidden culprits responsible for inflation? Being in a primary and most responsible position, what has been the effect upon inflation of the current federal fiscal and monetary policies?

What witnesses are going to be summoned before the committee to answer this budgetary problem? The Governor of the Bank of Canada? The Deputy Minister of Finance or his officials?

Let me refer especially to the latter part of the question asked, namely,

—what has been the effect upon inflation of the current federal fiscal and monetary policies?

I believe we should recognize immediately that no minister of finance in present circumstances could allow the servants of his department to appear before a parliamentary committee and give opinions on matters of a highly confidential nature which cannot be disclosed until the night that the budget is brought down. Who then would be the witnesses to appear before us to deal with these questions? Naturally, they would be presidents of banks, of life insurance companies and other institutions, who, we all know, have a very biased view on these questions. Did you ever hear them, in their annual reports, talk about unemployment? Let us remember that the persons who are responsible for the government of this country are responsible to the people as a whole and not to any special group of financial interests in the country.

The honourable senator then delves into the technical subject of tight and easy money, high and low interest rates, the possibility of the imposition of restraining controls by the Bank of Canada upon the private sector of the economy, and then follows with this key question:

What degree of tighter money in this interest rate sense are we likely to experience in the days that lie ahead? I shall not pursue this point any further, except to add that it seems important for our study of inflation to deal with the definitions and the problems of "tight" and "easy" money, and to establish their relationships to this overall problem of price increases or inflation.

Then there follows this question, involving as it does either Government policy or that of the Bank of Canada or both:

> Will there be further monetary expansion of the kind we have experienced since August, 1957? If so, who is going to pay the greater part of the burden of this hidden, iniquitous tax?

Now, honourable senators, surely I have gone far enough in cataloguing these questions to indicate that the problems posed and the questions asked by the honourable mover of this motion are all matters of Government fiscal policy at the highest level. In this time of what we often refer to as a controlled economy there is one facet which above everything else must lie exclusively in the hands of the Government of the day, and that is the problem of monetary and fiscal policy. It may be very well to suggest that the Finance Committee of the Senate should become helpful and become an advisor to the Government in overall budgetary and fiscal matters. But as far as I am able to find out, never before in the history of this country has action been taken by the Senate such as is contemplated in this resolution.

I have referred to the work of the Joint Economic Committee of the United States Congress, which was set up many years ago to study economic and budgetary problems in that country. But, as we all know, in the United States ways and means are not the prerogative of the Government, as under our parliamentary system, but of Congress, and by tradition and practice it lies largely in the hands of the House of Representatives. Consequently, in that country it is quite appropriate and common practice that the Committee on Ways and Means in Congress should have these broad economic problems examined in any manner that it desires. By the same token, under our system only the Government of Canada is the appropriate agency to order an investigation as contemplated in this motion, if it saw fit to do so, for the reason that only the Government is responsible for ways and means.

While I am saying that the subject-matter of this resolution is not a proper one for an inquiry or investigation by a committee of the Senate, I don't suggest for a moment that the subject-matter of it should not be debated, and debated thoroughly in this chamber at the appropriate occasion. However, I think it is somewhat significant that throughout all the financial crises that this country has faced, both in peace and war, never, as far as I have been able to find out has the Canadian Senate presumed to take action as now contemplated, involving as it does a committee investigation into high Government budgetary, monetary and fiscal policy.

You may say that I can show no rule or law to substantiate my contention. But I shall reply that the proposed action is in any event wholly outside the spirit which governs the functioning of our parliamentary institutions. I have before me four typewritten pages containing a list of all Senate committee activities from the year 1917 to the present. In no case can I find evidence of any Senate investigation into any subject-matter other than a specific piece of legislation or a specific and well defined problem of Government.

Before closing, let me ask this question: Can any one conceive of the House of Lords of England, either without reference to or collaboration with the Chancellor of the Exchequer, proceeding to an investigation by a committee of the house of financial and budgetary policy, when such matter, both by law and tradition, is too deeply rooted in the House of Commons?

In my opinion the passing of this resolution would mean a futile and unproductive incursion of this house into matters which, from our beginnings as a nation, have been regarded, politically at least, as outside the normal deliberations of this house. I am unalterably opposed to the motion and I am going to vote against it.

Hon. Norman P. Lambert: Honourable senators, may I ask a question of the honourable senator who has just taken his seat, to whose remarks I have listened with great interest?

I failed to hear any reference in connection with the problem of inflation to the action that has taken place by the Macmillan Government in Great Britain dealing with the problem of increased prices and inflation in that country. I think if the honourable senator had some material or information with respect to that matter it would be very pertinent to the proposed inquiry.

Hon. David A. Croll: Honourable senators, in common with the Senate I have heard some excellent speeches on this motion. The junior senator from Winnipeg (Hon. Mr. Wall) gave a most painstaking and well documented speech. The senator from Toronto-Rosedale (Hon. Mr. Leonard) gave us a speech in which he made a case, chapter and verse. The senator from Winnipeg South, who has just spoken, (Hon. Mr. Thorvaldson), who saw the problem from another point of view, documented his case well. A couple of weeks ago the senator from Inkerman (Hon. Mr. Hugessen) gave us a very lucid and potent argument on the subject.

To be quite honest, I cannot define inflation. I share their mutual confusion. The honourable senator who has just taken his

seat made a great deal of the fact that the Senate had never before taken such action as is proposed. There has been some talk of reforming the Senate. The reformation has just started. In any event, that is not a good reason for not undertaking this action. He said the problem of inflation has been with us for some time, and his words, as I recall them, were that it is inappropriate to study it now. Well, if not now, when? The fact that no study of it has been made for a great number of years is no reason why it should not be begun at this time. It seems to me that—excepting only myself—nobody in Canada is better qualified or more competent to examine this very vexing problem than the members of the Senate. When the honourable senator asks who might be called as witnesses, my answer is that any number of qualified people could be found. The honourable senator from Toronto-Rosedale (Hon. Mr. Leonard) presented a list as long as one's arm; so also did the honourable junior senator from Winnipeg (Hon. Mr. Wall). I must also point out to the honourable senator who had just spoken that it is not quite cricket to suggest that presidents of banks and insurance companies and men in similar positions have not done any talking about unemployment and related problems and are not interested in them.

Hon. Mr. Thorvaldson: I said, in their annual reports.

Hon. Mr. Croll: Speaking from memory, and subject to correction, in reading a few of the highlights of their annual reports I found that they frequently discuss unemployment, inflation and related problems. From what I know of some of them, it is my experience that they are community-minded people who are very much concerned with such matters. I can assure the honourable senator that, if the Senate requests their presence, any number of them will attend and give evidence, and some honourable senators will have the opportunity to cross-examine them, to try to prove they are wrong, while some others will try to prove they are right in their views. Nevertheless, I repeat, there are people who possess the necessary qualifications and knowledge to testify before the committee. From my acquaintance with the Civil Service, I have always felt that we are very fortunate in the kind of public officials who serve the national interests. I place them second only to the Civil Service of Britain. In my opinion, they are superior to those of the United States. But I do not suppose for a moment that all the brains in Canada are contained in the East Block or the West Block of the Parliament Buildings, or The Bank of Canada building. Many other persons have sound views, views that are worth listening to. In the final analysis, whatever opinions are put forward, politicians must make up their own minds.

Although the speech of the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) was well thought out, I could not entirely follow his reasoning. When he mentions conditions in the 'thirties, and refers to a then deficit of, I think he said, $220 million, I could not relate his remarks to the present situation. The 'thirties were a period of deflation, and the problem, at any rate for the first five years, was one of poverty amid plenty, whereas today we have an unprecedented inflation, reflecting prosperity amid plenty, and the problem is one of distribution and price.

While I support the motion, I do so for reasons entirely different from those stated by the honourable senator who introduced it. I have a few questions to ask about it. I am not quite satisfied as to what should be done, nor am I sure that the right people are being blamed for whatever inflationary tendencies exist. So I would like to put forward a few queries which have particularly concerned me since this resolution appeared on the Order Paper.

One of them is: Is inflation an obsession? Have we been making an undue outcry to the effect that the Government bond market is near chaos, with our people buying stocks and selling bonds? At this particular stage is it wise to legislate in respect of an inflation which may be almost spent? Will restrictive fiscal and monetary policies prevent us from using our productive resources for the tasks that lie immediately ahead of us?

I also ask myself, as others have asked: Is the choice between unemployment and inflation? To some minds, full employment, adequate economic growth, and a stable price level are incompatible. Well, cannot the committee find out if it is possible to reconcile these factors, and in what fashion? As for myself, if the choice is between unemployment and inflation, I will take inflation, because I am certain that the effects of unemployment would be a lower rate of growth and a poorer standard of living. I know what unemployment does to people, but I have never experienced an inflation that really hurt. I will take the devil I don't know as against the devil I know. A policy aimed at inflation can, in some ways, be self-defeating. All must know that retrenchment slows business, reduces tax revenues, and produces deficits.

Covering deficits with short-term bonds encourages inflation. In the past years inflation has in the main been blamed on Government spending. To some extent that is true today, but big business is looking for a new

scapegoat in order to shift attention, and from all appearances it looks as though labour is it. Labour is opposed to inflation. It looks upon it as a real danger. Labour recognizes that the unhappy business of trying to raise wages in order to catch up with prices is a losing effort. Labour, in the end, is victimized by inflation.

So we ask ourselves more questions. Is it higher wages or is it management's determination to hold the line that has lifted and maintained high prices in the midst of widespread unemployment? It is true other factors come into the picture. The long-term trend of technological advances, with a trend to automation, with some speeding up as a result of the recession, contributed to unemployment, but these should be producing price reductions. Increased prices today cannot be justified on the basis of unit labour costs. Supply has caught up with demand, yet prices have continued to rise. Much of the blame falls on the great corporations which find that competition no longer is an effective restraining force. Let me give the house an example, one of which most honourable senators will be aware. It was to me of considerable interest the other day when a huge oil company found that circumstances forced it to raise the price of its fuel oil by one cent a gallon. Somehow the company found next day that it needed to raise it only half a cent. The company's competitor in the interim had announced a half-cent increase. Somehow along the line the signals had got crossed, but the fact of the price increase was striking. There had been no general increase in wages in the industry. Supplies of the product were abundant, but the unprecedented cold weather and the consequent heavy demand for fuel oil had quite obviously indicated the traffic could bear a heavier price, and so it was imposed.

Honourable senators, we have got to find some way of reconciling full employment, economic growth and price stability, and we have got to have a national policy which is consistent with price stability. This may require some public mechanism. It needs to be simple and it needs to safeguard vital democratic interests. Let me give the house the view of a man who is considered in the first rank of economists in the United States, if not in the world, Mr. John Kenneth Galbraith, who gave evidence before the Joint Economic Committee of Congress in the United States chaired by, I believe, Senator Douglas. Mr. Galbraith is the author of a book entitled *The Affluent Society*, which I hope honourable senators will read. He maintains that given full employment or any close approach to it, wages and prices are subject to large discretionary movements. The only preventive is some public restraint of this discretion. He suggests a system of collective controls:

> —where, on the basis of past behaviour, prices and wages do interact to bring about persistent price advances, wage increases that are held to require a price increase might be subject to ratification by a public tribunal or one in which representatives of management, labour and the public participated. It is not inappropriate that the public should intervene when it is the public that pays.

It is very hard to fathom the Canadian public's reaction to inflation. I think it is a sort of defeatist attitude that Canadians have. We have so long lived under conditions of fluctuating prices and rising living costs that we have seriously begun to wonder whether it isn't much like the climate, a natural state of affairs over which neither man nor Government has any control.

It has not been proved in any of the hearings that have taken place in Britain or the United States that full employment and price stability are mutually incompatible. From all the statements that I have read so far there are far too many in our country who are prepared to sacrifice employment on the altar of inflation, even at the price of a little recession. We have got to realize what is the truth, that we have reached a point close to monopoly, that prices today are scarcely competitive amongst the great producers. The competitive field has been restricted to selling, packaging, advertising, and the search for new markets. I think the time has come—and this is one of the things we could study in committee—when we shall have to have some clear understanding in order to distinguish carefully between the great corporations operating in a non-competitive environment and the ordinary manufacturing companies which continue to operate within the traditional bounds of supply and demand.

The labour movement in this country has fought against inflation in the past and is opposed to it today. Far from profiting as a result of this inflation, labour has actually not shared fully in the growth of our economy, and the increase in prices cannot be explained or justified on the basis of increased unit labour costs.

Honourable senators, let me give you a couple of significant quotations. The first is from a speech made by Mr. H. W. Lush, President of the Canadian Manufacturers' Association, speaking at their 87th annual general meeting in Montreal on June 4, 1958. He said:

> We have got to establish in the minds of all consumers that their own individual well-being, for the most part, is indivisible from that of manufacturing industry and that no one in this country can hope for personal prosperity if all do not work for national prosperity.

There is another group of people which should be particularly concerned—I refer to the wholesalers and retailers. I know they must stock the goods their customers want, but surely they cannot imagine that they are any less dependent upon national prosperity than anybody else. Where will the Canadian women who frequent their stores get the money to buy their goods if Canadian men are out of work? And how can Canadian men remain employed if the goods they make are not sold?

There is still a lot more to this problem. We, as manufacturers, cannot ignore our own responsibilities. What right have we to demand that people buy our products and do nothing more about it? We are on weak ground if we hope to persuade customers to buy second-rate goods or to pay exorbitant prices. The responsibility of price and quality is ours.

We can meet it. Canadian craftsmen are just as good as those of other countries at producing quality goods. Canadian technicians and techniques are equal to competing in efficiency with any in the world.

Then he goes on to say:

We cannot afford to have it otherwise—and neither can labour. What is more, I believe, many ordinary Canadians, who depend for their bread and butter on manufacturing industry, know this to be true. They now know that only disaster can come from forcing wage increases unjustified by productivity improvement—increases that inevitably mean higher prices, consumer resistance and rising unemployment. Labour's desire for a square deal—with which I have every sympathy—must take full account of the cost factor. It must face up to the economic reality that there is no such thing as a captive market.

That is the speech of the President of the Canadian Manufacturers' Association.

I will now read from the submission made by the Canadian Labour Congress to the Government of Canada, dated January 22, 1959. I am reading from page 9:

Much has been said about inflation, and efforts have been made to pin the responsibility for it on labour. The facts do not support the charge. Real wage rates since the war have just about kept pace with increases in productivity. We are much more concerned about the slowness of recovery (the latest seasonally adjusted index of industrial production is still lower than it was last spring) and the persistence of high unemployment than about the risk of a new inflation. We are, accordingly, not impressed by exhortations to "hold the line". In our opinion there is no line to be held. We believe that increased wage-earner purchasing power is essential to lift us out of the recession. We believe that free collective bargaining is one way to get it. It is better to court some risk of inflation than to let our economy stagnate for lack of action.

The words following are, I think, very significant:

In this connection, we would urge an immediate public investigation into the wage-price-profit relationships in the auto, steel, farm implement and other basic industries. We cite these industries because we believe their pricing policies exert a decisive influence on the Canadian economy.

That was followed by a very significant statement made on March 2, 1959, in the Montreal *Gazette*:

The big United Steelworkers of America (CLC) have offered, provisionally, to have steel wages pegged to labor productivity and called on the Government for an immediate investigation of steel prices—

Canadian director William Mahoney of Toronto pledged on behalf of the Steelworkers that "if price stability can be assured, the union will not need to seek wage increases to compensate for inflation losses."

Union wage objectives would be "restricted to productivity improvements," Mr. Mahoney said.

Further he said the steelworkers would not insist on getting the full benefits of productivity improvements. These should be shared by investors and consumers as well.

Mahoney said organized labor is "tired of being made the scapegoat for all the ills of our economy.

"Government and business should stop blaming inflation on wages and start now to work with the unions in order to determine the real causes and to obtain agreement on how to prevent inflation through a co-operative plan of action," he declared in his submission.

I hope this house realizes the significance of these statements that I have just read. Here for the first time labour has opened a very wide door. I think that management should seize this heaven-sent opportunity. One of the ways in which we can help is by giving them a forum in the Senate, one that is not biased. In that committee the twin problems of unemployment and inflation can be assessed. Labour has already publicly offered to respond to the consumer interest. Speaking as a consumer, I am sure that the policy of passing on agreed-upon cost has gone too far. If labour is the cause of this inflation, here is a chance for a thorough consideration by management, trade unions, and Government, before a body that will understand what they are talking about. I think it is the opportunity of a lifetime for this body to make it possible to welcome the consumer to the labour management process.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Croll: In the past few years, as I have already said, supply has caught up with and exceeded demand in our economy. Prices have continued to rise, and I think that the major share of the responsibility must be borne by the big corporations. We have had high profits. We have had rising productivity. But they have not shared the increased fruits of technology with the consumers by lowering the prices. More and more people of this country are beginning to realize that unless the large corporations which control so large a share of the economy in this country can be persuaded to act with greater consideration for the public interest our economic life will be subjected to continuing inflationary pressures from now on. We relied on competition. Today competition is no longer an effective restraining force in many sectors of our economy.

Let me read from an article in the Ottawa *Citizen* of February 25, 1959:

> The Restrictive Trade Practices Commission said today Canadian Industries Limited has a restrictive hold on the wholesale distribution of ammunition in Canada and advised the Government to break it.
>
> The report cited cases including one where Peterborough Guns Limited of Peterborough couldn't get CIL ammunition, though such other firms as the T. Eaton Company of Canada and Simpson-Sears could. During the 1952-56 period, CIL had rejected bids from 46 firms.

And here is the important part:

> The company maintained it should be the best judge of distribution methods, but the commission disagreed. This might be all right where there is competition but not where a company has a monopoly in production and is protected by tariffs.

In the public utilities industries, such as transportation, gas, and telephone, it was recognized long ago that, in the absence of competition, something had to be done to keep selfish interests in restraint. Today the effect of monopolistic influence on the public welfare of steel, oil, auto and other industries is like that of public utilities.

Direct Government regulation, except in times of emergency, has little popular support. There is a need for some public mechanism in addition to that which now exists in the Combines Act, the Criminal Code and related acts, and my suggestion is that this is a matter that the committee can deal with, that it recommend to the Government, after hearing the evidence, the appointment of a consumers' fair price council composed of representative and competent people principled in democracy, to hold public hearings on the pricing policies of the great corporations. It would require advance notice and justification of price increases to be put into effect by any corporation which accounts for more than a specified percentage of the total sales of an industry.

Hon. Mr. Brunt: Would you include the distillers? That industry is a good example of a monopoly, but it hasn't anything to say about the prices it charges, as they are fixed by the Government.

Hon. Mr. Croll: If the Government takes the responsibility, I am not complaining about that. I had not thought of that commodity particularly as being in short supply or being over-priced.

Hon. Mr. Hayden: Maybe the spirit is needed there.

Hon. Mr. Reid: There is no complaint when the price of that article goes up.

Hon. Mr. Croll: What I have in mind is that a consumer fair price council would be established for the purpose of holding public hearings on the merits of a proposed price increase. After the hearings the agency could publish a summary of the material presented both for and against the increase. No compulsion would be involved.

Hon. Mr. Horner: Would you include legal fees?

Hon. Mr. Croll: By all means, but I warn you we are very competitive.

The corporation would be free to raise prices if it so desired, but the public would at least be in a better position to judge whether the increases were justified or not.

My proposal would impose no compulsion, but is designed to bring about a greater understanding and responsiveness in the public interest in those areas where corporate economic power has become so enormously concentrated. Today there is a no man's land between competition and public controls that is now occupied by monopoly which makes the decision. But society, rather than monopoly, should make that decision. That is the purpose of my argument.

Hon. Mr. Brunt: How would this commission function where the price of an article was fixed in the export market—for instance, in the case of wheat? Would the commission set a price at which farmers had to sell wheat, regardless of the price in the export market, or would you have two prices, one for the domestic market and one for the export market?

Hon. Mr. Croll: The honourable gentleman has not been following me. I am assuming that the complaint is that the cost of labour is a very large part of the cost of the commodity. That was my theme.

Hon. Mr. Horner: It is 80 per cent of the cost of a commodity.

Hon. Mr. Croll: I was thinking of manufactured commodities.

Hon. Mr. Brunt: Well, take the case of flour.

Hon. Mr. Croll: I do not think labour as such is an important item in farm commodities. I was thinking more of manufacturing and of monopoly control. The farmer is not a monopolist. I said what I was aiming at was workable competition. I assume that there is that competition in the primary products.

I think the ultimate test is: Is the consumer given the benefit of lower costs and greater efficiency in the form of lower prices and higher quality?

As I have already said, I am in favour of this motion. I am in favour of the committee holding hearings and listening to some advice from people who ought to know

the score. We would not be bound to take their advice—we have been known to turn aside some very good advice. On the other hand, I think we owe it to the people of this country to try to throw some light on this perplexing problem about which they know very little. They may know even less when we finish, but we should at least give it a try. Since we have the facilities here, and the capabilities, and the eager beavers who want to work, let us authorize the Finance Committee to make a study of inflation, as proposed in this motion.

Hon. J. W. de B. Farris: Honourable senators, more than once I have expressed the opinion in the Senate that speeches should be made here only after careful preparation. On this occasion I must plead guilty of not living up to that. After listening to the speeches of the mover and the seconder of this resolution, it seemed to me that the proposal made was perfectly clear and sensible, and I never dreamed there was going to be any opposition to it. As far as inflation is concerned, I am reminded of a story about the late President Coolidge. One Sunday when he came home from church his wife asked him what the sermon was about. He said, "Sin". She then asked what the preacher said about it, and Mr. Coolidge replied, "Well, he was agin it". Until I heard my honourable friend from Winnipeg South (Hon. Mr. Thorvaldson) tonight, I would have assumed that was the unanimous opinion of this house about inflation.

Honourable senators, I am a little concerned for the moment about this question of inflation. It has been with us for a long time, and I have not the faith to believe that even the distinguished thinkers in this Senate could find a solution. What concerns me is the attitude of my honourable friend from Winnipeg South, who I rather suspect has had support in advance for what he has said here tonight.

Again, to refer to myself and my speeches, I have, perhaps not so much in the Senate as in private conversations with members of the cabinet in the old days, urged that new blood be brought into the Senate. Only last session I had the great privilege of congratulating these new honourable senators on their appointments, which I hoped and expected would bring new blood and new ideas here. I have been disturbed that one of the brightest and newest of our senators should express his views about the functioning of this Senate, of which he is now a member, in the way he did. I am reminded of an old definition of a Conservative. I am sorry my honourable friend is out of the chamber at the moment—he could not have known I was going to speak or he would have been here.

An Hon. Senator: Maybe he did.

Hon. Mr. Farris: You remember he said he had gone over the figures and had learned that such an inquiry as is now proposed had never before been made by the Senate. As I say, it reminds me of a well-known definition of a Conservative: one who believes that nothing should ever be done for the first time.

Now, honourable senators, whether such an inquiry has been made before is not the most important question we have to consider, but it is one of the questions. We know what the press has had to say about the Senate, and what other people have said about it—that we are a bunch of tottering old fellows who just put in their time. I am wondering what will be thought of this Senate when even the newest and youngest blood in the house holds up his hands and says, "No, we must not touch this for two reasons; first, it has never been done before, and secondly, we ought to leave it to the Government."

Perhaps my honourable friend has really got that much faith in the present Government at this time. But I have never seen a Government yet, including the present one, that could not or should not benefit by intelligent investigation and honest advice.

Honourable senators, there is no expectation that this Senate is going to solve the question of inflation. I think in my mind of the speech of the honourable senator who moved the motion (Hon. Mr. Wall), and of the honourable senator who seconded it (Hon. Mr. Leonard). I think also of my honourable colleague who was admitted to the Senate at the same time I was and who now occupies the seat in front of me, but who is not here tonight (Hon. Mr. Hugessen), and that wonderful speech he made before the Senate about a month ago. I think of other speeches in this house. I challenge anyone in either house to say that the Government has any group of better thinkers than we have in this house.

I put it to honourable senators, not in any boastful way, but as common sense, practical thinking, that a devoted study on this great problem of inflation by members of this house would benefit even the omniscience of the present Government.

On motion of Hon. Mr. Hayden, debate adjourned.

CANADA SHIPPING BILL

COMMITTEE AMENDMENTS CONCURRED IN

Hon. W. M. Aseltine: Honourable senators, as the Canada Shipping Bill has been before

the committee for almost a month and considerable evidence has been heard on it, may I with the consent of the House, ask that this order be now proceeded with?

Hon. Senators: Agreed.

The Senate proceeded to consideration of the amendments made by the Standing Committee on Transport and Communications to Bill S-3, to amend the Canada Shipping Act.

Hon. John J. Connolly: Honourable senators, I move that the amendments presented by the Standing Committee on Transport and Communications to Bill S-3 be now concurred in.

The honourable senator from Inkerman (Hon. Mr. Hugessen), Chairman of the committee, unfortunately is unable to be here tonight and has asked me if I would make a few remarks to summarize the work done by his committee in connection with the Canada Shipping Act.

In the first instance, I think I should report that this was a very good committee. It sat on six different days, on two of which it held both morning and evening sittings, and was in session for a total of more than 19 hours. It heard evidence from officials of the Department of Transport—and very good and painstaking evidence it was—and from officials of the Department of External Affairs. The committee also heard evidence from the Shipping Federation of Canada, the Canadian Shipowners Association, the Great Lakes Pilots Association of Canada, the Association of Pilots for the Harbour of Quebec and below, the United Montreal Pilots Association, the Corporation of the Montreal Harbour Pilots, Corporation of the St. Lawrence-Kingston-Ottawa Pilots, the Canada Merchants Service Guil Incorporated, the Dominion Marine Association, and the United Montreal Pilots. For a time during the hearings there was standing room only in the committee room. We also had the benefit of very expert evidence from Mr. Jean Brisset, Q.C., representing the Shipping Federation of Canada, Mr. Paul Gerin-Lajoie, Q.C., representing one branch of the pilots organizations, and Mr. Leopold Langlois, on behalf of the pilots in the Canadian Merchant Service Guild.

Honourable senators, the committee made a number of relatively minor amendments to the bill, which were designed to assist in the administration of the act. In all of these short and relatively minor amendments the industry concurred, and I think I need not refer specifically to them here. The principal amendments were to clauses 8 and 9 of the bill.

Perhaps I should say that the revision of the act was required principally in anticipation of new developments in shipping which will take place in the Great Lakes—St. Lawrence basin after the opening of navigation this year, because of the fact that the Seaway project is now in being and will then come into operation. One point that was stressed to us by all those who appeared was the importance of safety of navigation in those waters.

Let me say something here about the position of the pilots. Some of the pilots have an affiliation with trade unions. In one case particularly their affiliation is with an international trade union, which involves mainly the pilots in the narrow stretches in the upper part of the Great Lakes basin. But for the most part the river pilots are autonomous. I think it is proper to call them a professional guild, who have rules of competency and apprenticeship which, I believe, make them a very important adjunct to the shipping industry in this country, in the relatively narrow waters where they operate, especially in the pilotage districts of Montreal and Quebec.

In the second place, let me say that, under the proposed legislation and regulations which are to be made pursuant thereto, all foreign-going ships will be required to pay pilotage dues. For practical purposes, this means, as regards foreign-going ships, that the rule in these waters is compulsory pilotage. For the coasting trade, that is to say the lakers and the tankers which operate in those waters, the question of the payment of compulsory pilotage dues in future as a result of the greater amount of traffic which can be expected in those waters presented a problem.

I can epitomize the problem by putting it this way, that there will be many lake ships, Canadian and American, which will be plying those waters many times—perhaps hundreds of times—every year, and that a certain amount of familiarity with those waters will be developed by the master and the mates of those ships. The question arises, I think quite properly, in the minds of the owners, whether they should be compelled to pay pilotage dues. The pilots on their part say, "We are the people who are best qualified; we are the people who have done the labour and carried the burden of the day in the past, and we should not be deprived of the position we have built for ourselves". Well, I think it was demonstrated to the satisfaction of most members of the committee in the first place that, from a legal point of view, the pilots have really no foundation for a claim they originally made, that in law they had a built-in right to the payment of compulsory pilotage dues on practically all

classes of vessel in those waters. Obviously a new era is coming to the St. Lawrence basin; and I believe that in a general way the committee felt it should not be in the discretion of either the owners or the pilots to say whether the compulsory payment of pilotage dues on practically all craft should continue to be enforced. It was felt generally, I would say, that the responsibility for the proper operation of the facilities of the Seaway was that of the Government rather than of either one of the parties who are, perhaps, most interested in the shipping business in the area.

I do not want it to go out, as it would not be fair if it did, that the committee was indifferent to the fate of the pilots. I think the committee felt that the pilots have performed and will continue to perform a very important function in these waters; and assurances were given by the Deputy Minister on behalf of the Minister to the committee that no radical or immediate change would be made in the rules respecting pilotage in the early days of the Seaway. He would give no commitment for the future, and it seems to me that we could not ask him to give any. But I believe, in the result, we all felt that the responsibility for dealing with the situation with a certain amount of elasticity and discretion as it arose, and as the business of the shipping in the Seaway developed, should be vested in the people who were most likely to be able to make a right decision, namely, the Government of the day and the department.

One point which was particularly urged upon us was that we should amend the bill in the manner proposed in section 9 to remove certain existing flag discriminations. As honourable senators well know, a good many American coasting vessels will be operating in those waters, and there will have to be a certain amount of give and take, of bargaining, between the Canadian authorities and the American authorities with reference to these pilotage matters, particularly in the river. So it was felt that some flexibility should be available to the Canadian authorities in the interests of liberalizing the shipping facilities in the area.

I would say further, in connection with the problem which was discussed arising from the fact that more and more coasters flying the flag of the United States will be operating there, that while the Canadian practice is to have a special group—namely, these pilots—available for the navigation of ships in the narrower stretches of the waterway, the American practice is not to do so. What they do is to commission, authorize, or "certificate", as they describe it, masters and mates to operate in certain waters. One of the requested amendments was that the department should have a latitude in being able to make reciprocal arrangements with the Americans; because, while Americans will be navigating at times in Canadian waters, it is equally true that in certain sections of the waterway there will be Canadian ships, carrying Canadian officers and perhaps pilots, operating in American waters. So there had to be a certain amount of give and take in working out a mutually satisfactory arrangement. The committee did make this amendment to the proposed section, that the department should be empowered to "certificate" certain of these American navigators and other operators of ships for operation in Canadian waters, provided the American legislation will not discriminate against the piloting of craft by Canadians in American waters.

There was one other clause which gave the committee some concern. I refer to section 8. That clause has been deleted from the bill as the result of the action taken by the committee. It was a proposed amendment of section 324 of the Canada Shipping Act. The two previous sections have to be read with section 324. Section 322 defines the limits of the pilotage district of Quebec. Section 323 defines the limits of the pilotage district of Montreal. These two pilotage districts have been in existence since shipping began on the St. Lawrence River and, indeed, we were told that they date back to the days of the French régime. The proposed amendment to section 324 seemed, at least to the lawyers on the committee, to be in conflict with the clear provisions of sections 322 and 323, for it proposed that by regulation the Governor in Council could change the limits of a district or even rescind an order made with reference to the determination of those limits.

In response to representations made to us by the pilots we struck out clause 8 of the bill. We thought it would not be helpful to them and it might be misleading to the administrative authority. I believe that section 8 of the bill was deleted by unanimous consent of the committee, and certainly with the approval of the officials of the Department of Transport.

Honourable senators, the committee also amended clause 12 of the bill, to provide that steamships which carry 12 passengers, even ships under five tons, will be subject to annual inspection. This is an important safety measure, and I feel we made a good amendment.

In conclusion, may I say that the evidence given in this committee was most interesting. The committee functioned in the best traditions of the Senate and I do not think there

was any indication of "old crocks" sitting around doing nothing while the hearings were in progress. We had an excellent chairman. I believe we have improved the legislation. Certainly the "sea lawyers" on the committee had a field day, although they may have exhausted the patience of the laymen on the committee. All in all I feel it was an excellent piece of work.

Motion agreed to.

THIRD READING

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

Hon. Mr. Aseltine: Next sitting.

ST. LAWRENCE SEAWAY AUTHORITY BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. Lionel Choquette moved the second reading of Bill C-25, to amend the St. Lawrence Seaway Authority Act.

He said: Honourable senators, in 1951 both houses of Parliament passed legislation entitled the St. Lawrence Seaway Authority Act. Certain amendments were made to this act in 1954, 1955 and in June and August of 1956. I have read these amendments and can say they are not pertinent to section 13 of the act which we are now seeking to amend.

There is no consolidation of the present act, but the three pertinent sections are 13, 16 and 25, and I shall deal with them as I reach them in my exposé.

The present section 13 reads as follows:

> The Authority, with the approval of the Governor in Council, may, from time to time, borrow money from Her Majesty or otherwise for the purposes for which it is incorporated, but the aggregate of the amounts borrowed under this Act and outstanding shall not at any time exceed three hundred million dollars.

Honourable senators, the purpose of this bill is to increase from $300 million to $335 million the limit on amounts that may be borrowed by the Authority. In other words, the purpose of this bill is to amend section 13 of the St. Lawrence Seaway Authority Act (1951) for the purposes of increasing the statutory limit of the borrowing power of the Authority from $300 million to $335 million. The amendment has to do solely with the limiting of borrowing power.

The capital expenditures of the Seaway are financed by loans which the Minister of Finance is authorized to make under the powers contained in section 25 of the act, to which I will refer later and which I will read *in extenso*. Such loans may not be made in any fiscal year, except to the extent that Parliament has authorized them. A vote is necessary each year to authorize loans.

In the ordinary sense this is not a money bill; it merely increases borrowing power. It does not of itself authorize the expenditure or loan of public money. Such authorization is reserved to Parliament by section 25, which reads:

> (1) The Minister of Finance, with the approval of the Governor in Council, may, from time to time,
> (a) make loans to the Authority out of money in the Consolidated Revenue Fund, or
> (b) guarantee repayment of the principal of and interest on money borrowed by the Authority,
> but no such loans or guarantees shall be made or given in any fiscal year except to the extent that Parliament has authorized such loans and guarantees to be made or given in that year.
> (2) Notwithstanding subsection (1), the Minister of Finance, with the approval of the Governor in Council, may, from time to time,
> (a) make loans to the Authority out of money in the Consolidated Revenue Fund, or
> (b) guarantee repayment of the principal of and interest on money borrowed by the Authority, for the purpose of repaying money that has been borrowed under this Act.
> (3) A loan or guarantee under this section shall be made or given in such manner and subject to such terms and conditions as the Governor in Council approves.

Honourable senators, my instructions are, and my information is, that up to the present time the Government has not guaranteed repayment of the principal and interest on money borrowed by the Authority but did make loans to the Authority out of money in the Consolidated Revenue Fund. This means that authority is sought annually in the estimates for the loan of money to the Authority by the Minister of Finance with the approval of the Governor in Council. The ceiling of $300 million which the Authority may borrow from the Government was considered sufficient until the most recent budgetary calculations of the Authority. It is now clear that up to this date a minimum of $329 million will be required, which is in excess of the limitation as provided by section 13 of the act by the amount of $29 million. The present bill amends the original section 13 by raising the ceiling to $335 million, leaving a cushion of $6 million to cover any unexpected eventuality. The Seaway Authority assures me that this will be an ample cushion.

Perhaps I should add that I am informed that from the commencement of operation of the act, until the commencement of navigation, all expenditures on behalf of the Seaway are capital expenditures taken care of in the manner envisaged in this bill, namely, by Government loans to the corporation.

The statement presented last year for approval by Parliament of the capital budget for 1958, in compliance with section 80 of the Financial Administration Act, in addition to showing the requirements for 1958, indicated that the aggregate capital expenditure

was then estimated at $322,062,800. It then became apparent that it would be necessary to increase the borrowing limit.

It is expected that disbursements under parliamentary appropriations authorized to date will by March 31 next have amounted to about $270 million, leaving an unexhausted borrowing power of $30 million for future requirements.

The 1959 capital budget, which has not yet been tabled, will show an estimated expenditure in the year of $52,500,000, reduced for the time being to $30 million so as not to exceed the present statutory borrowing limit. Vote No. 482 of the main estimates for 1959-60 contains a loan appropriation for the latter amount. A revised estimate has been made of total expenditure, which is now placed at $329,025,700. It is not possible, even at this date, to make a close estimate of final costs, because of such contingencies as contractors' claims and the unsettled matter of any contribution which the Governor in Council may assess against the Authority in connection with the Canadian National Railways' Victoria bridge diversion. It is therefore considered that in increasing the borrowing power from $300 million to $335 million, the latter figure being about $6 million in excess of the official budget figure, reasonable provision would be made for undetermined requirements.

The following statement—and I quote figures from 1955 to 1959, at this time when we need an extension of the borrowing power limit—indicates the progressive increase in the estimated total expenditure, as exhibited from year to year in the approved capital budget:

Year	Estimated over-all total expenditure
1955	$205,535,000
1956	213,156,750
1957	284,675,000
1958	322,062,800
1959	329,025,700

As I have indicated, honourable senators, the cost to Canada of the Seaway was estimated in the 1955 capital budget at $205,500,000, as compared with the present total estimated expenditure of $329 million. The first-mentioned estimate was made before most of the large contracts were let, and also before some major decisions as to the scope of the work were made, including, for instance, the division of responsibility for dredging in the International Rapids section.

The difference between the 1955 and the 1959 estimated total cost is $123,500,000. I am advised by the Seaway Authority that important subsequent changes in the scope of the work and other items not provided for resulted in increasing the estimates in round figures by $104,500,000.

I might point out to honourable senators at this stage that all estimates have been approved to date without protest. Secondly, the interest charge is at the going or current rate from year to year. Thirdly, it is envisaged in the act that the total expenditures will be paid back out of revenues derived from the operations within a period of 50 years. That is provided for by section 16 of the act, as follows:

> The tolls that may be charged by the Authority shall be fair and reasonable and designed to provide a revenue sufficient to defray the cost to the Authority of its operations in carrying out the purposes for which it is incorporated, which costs shall include
>
> (a) payments in respect of the interest on amounts borrowed by the Authority to carry out such purposes;
>
> (b) amounts sufficient to amortize the principal of amounts so borrowed over a period not exceeding fifty years; and
>
> (c) the cost of operating and maintaining the canals and works under the administration of the Authority, including all operating costs of the Authority and such reserves as may be approved by the Minister.

Honourable senators, that, in a few words, is the purpose of the proposed amendment. I must say that in the other house there was no discussion on the first, second and third readings of the bill, though when it was about to be passed there was debate on some expenditure regarding that part of the Seaway around the Welland canal, but that discussion was not pertinent to the proposed amendment.

Hon. Mr. Burchill: Honourable senators as a representative of one of the Maritime provinces I would like to ask one question. May I ask my honourable friend to tell the house just how much the St. Lawrence Seaway is going to cost Canada?

Hon. Mr. Choquette: I would like to be clairvoyant or to have prescience, but I am not endowed with that advantage. However, we now have the figures for 1959. I cannot foresee how much the Seaway is going to cost. However, in anticipation of questions being asked, I have figures which show that the United States also increased its estimates. For instance, as of June 30, 1955, according to the report of the St. Lawrence Development Corporation, the estimated total cost in the United States was shown as $87 million, but the present estimated cost is $122 million. The honourable gentleman's question could probably be answered more fully if the bill were referred to committee.

Hon. Harold Connolly: Honourable senators, may I have your indulgence for not more than ten minutes?

I was rather intrigued a moment ago when the honourable senator who moved second reading of this bill (Hon. Mr. Choquette) expressed the pious hope, by inference at any rate, that there would be no discussion on it in this chamber, since there had been no discussion on it in the other place. I am sorry to disappoint him, but I have a view that I want to express. And, incidentally, I wish to thank the honourable Leader of the Government (Hon. Mr. Aseltine) for bringing this measure before us tonight.

I have here a copy of the bill so well explained a few moments ago. It appears a very harmless looking document, of less than one full page, proposing an increase in borrowing power from $300 million to $335 million. We just learned that while the original estimate for this great project was $205 million, the present estimate is $329 million. It is a fair guess, therefore, that while, as has been stated, this is not a money bill in the ordinary sense, it does make provision for the possible borrowing of an extra $35 million, and in view of the fact that every one of the earlier estimates has been exceeded, all of the $35 million provided for will undoubtedly be used.

May I say how very happy I am that this bill came up for consideration tonight, following the splendid presentation by the honourable senator from Ottawa West (Hon. John J. Connolly) of the hearings of the Transport and Communications Committee on the Canada Shipping bill, and more especially the information he gave us on the vast potential foreseen in the operation of the St. Lawrence waterway. This is one of the very things that concern me at the moment.

In a press release I have from the St. Lawrence Seaway Authority I find illustration after illustration of dredging here, there and everywhere in the central part of this country, with costs running, of course, into the hundreds of millions of dollars. When reading this I think of the great ports of Canada on the eastern coast, completely ice-free twelve months of the year, where never a five-cent piece has been spent for dredging, because none is required. I think also of the extra $35 million of borrowing power asked for in this bill, and I say to myself: What wonders could be accomplished in the neglected Atlantic region of this country if those 35 million dollars were to be spent there in industrial research and development!

Well, honourable senators, you have probably guessed that my purpose in speaking is to oppose this bill, and I say to this house that I intend to vote against it. I have no doubt that there will be many interpretations of my action in so doing. No doubt some people will declare it to be another illustration of Maritime weeping and wailing. Possibly the more seriously-minded will question the utility of opposing a measure which is already virtually an accomplished fact; and there will perhaps be another group who will think that I am being unduly pessimistic in saying the things I am about to say.

With the first group I have no concern whatever. As to the latter group, I am conscious of the fact that most human beings do not like truths if they are unpalatable, so I am not much concerned with their reaction. To the second group, whom I characterize as the more thoughtful, may I say that I am moved to protest against this bill because of my absolute conviction that eventually and ultimately the operation of the St. Lawrence Seaway will destroy the great eastern Canadian ports of Saint John and Halifax and thereby strike another blow against the economy of the Atlantic region.

It is difficult, I know, for Canadians living elsewhere in this country to appreciate how the section of Canada in which we so-called Maritimers live has reached the point where it is the poorest section of Canada. A few days ago, speaking in the Throne Speech debate, and speaking excellently, the honourable senator from Murray Harbour, Prince Edward Island (Hon. Mrs. Inman), in making an analysis of our people in the Atlantic region, said that we have our faults and our deficiencies. That, of course, is absolutely correct and it would be ridiculous for anybody to argue to the contrary, just as it would be equally ridiculous for anyone in any other province of Canada or in any other section of the globe to argue that their people have no faults and no deficiencies. But what I want to say to this chamber and to all to whom the message may be carried is that we in the Atlantic region are the victims of Canada's fiscal policy, and if we are to survive, even in the most mundane economic sense, we must cling tenaciously to such assets as we now possess, and outstanding among those assets are the two great national ports of Saint John and Halifax.

It has been said that no harm will come to those ports as a result of the operation of this great project. Well, one would have to be very naïve indeed to accept a statement of that kind. I put it to you this way: What good can possibly come to the ports of Saint John and Halifax when the St. Lawrence waterway is in full operation? I suggest the answer is, none.

The intent, or part of the intent, of this great project is to enable shipping from the seven seas to sail right into the heart of this continent. If that were to apply only during

the summer months we in the Atlantic region would not have too much complaint. But who is to say what the ultimate objective of this great scheme will be and how much damage may be caused us in the east when the full potential of the waterway is achieved? We had an example this winter of a score or more of ocean-going freighters being frozen solid in certain channels of the St. Lawrence in and near this section of Canada, and we witnessed the spectacle of the Government of Canada spending tremendous sums of money—estimated, I believe, by a spokesman of the Government, to be in the vicinity of $500,000—to release these ships from the ice surrounding them to allow them to proceed to the open sea.

May I remind honourable senators that we are living in an atomic age, an age when tremendous things are happening all around us, an age when almost anything is possible. Who is to say that perhaps within the lifetime of some of us now in this chamber there may not be found a reasonably inexpensive way of keeping ice out of the waters of the St. Lawrence River, and even out of the Great Lakes? If that happens—and I suggest it would be a very courageous man who would argue that it will not be possible—it will mean the end of the so-called great national ports of Halifax and Saint John.

I know that the St. Lawrence Seaway will be of benefit to a great part of Canada, and that there may be some listening to me who will accuse me of not being a good Canadian because I presume—I use the word advisedly, having heard it earlier this evening—to say what I have to say. If there be such people, there is nothing I can do about their accusations. But I ask honourable senators to look back over the years and think of the sacrifices that the people of the Atlantic regions have made. I ask you, as citizens of Canada, is it fair that in order to be a good Canadian one should agree that it must always be the people of the Atlantic region who make sacrifices and lay their heads upon the block?

I wonder how many people are acutely aware of what has happened to the economy of the region in which I live. Do honourable senators realize, for example, that we are sitting ducks for the manufacturers of Quebec and Ontario? Do you know that if you go into any home in the four provinces to which I am referring you will find the housewife's shelves loaded with canned products shipped from the central section of the country? Do you know that it is impossible, except in rare instances, for any Maritime manufacturer to compete with manufacturers elsewhere in Canada who, because they are so well entrenched, can undersell our people to the point of ruin, and have done so?

Some years ago a shrewd psychologist coined a very appetizing phrase. He dreamed a great dream and announced to all and sundry who wanted to listen that the little province from which I come was the great exporter of brains. Well, you know, we liked that; we revelled in it, and many of us believed it. It actually solaced us for the lack of economic opportunity. But as a matter of fact—and I want to be completely candid—we probably do not export any more brains per square inch of flesh than does any other province of Canada. The one thing we do export is dollars; in fact, we export nine and a half out of every ten dollars we have. And where do we export them? We export them into the heart of this country. Our trouble is not in respect to any brains which we may have exported, but rather to the dollars we must send away from our native heath into another section of the country to support its economy, thereby depriving ourselves of many of the living standards that the people of our provinces ought to have.

In pre-Confederation days a great Father of Confederation visited Halifax, at a time when we were very much disturbed about our possible entry into Confederation. There he made a tremendous speech: he visualized Halifax as a great city of the future. He saw it as the terminus of great transcontinental rail lines that would start somewhere else, go to Halifax, turn around, and start out again from the Nova Scotian capital. He saw great ocean-going liners of that day beating a service between Halifax and Liverpool, and the other great ports of the Old World. To use his own words, he said it would be "almost like a ferry service". His rolling oratory was so convincing that strong men wept for joy at the prospect of things that were to come.

But, honourable senators, none of his predictions have been realized.

I say to you now, and I am sure you must agree, that if it were possible to bring ocean-going shipping as far as Montreal, and farther into the heart of this country, in the winter months, the ports of Halifax and Saint John will become mere marks on the map. That is a situation that this chamber, this Government and all Governments should take cognizance of.

Honourable senators, I speak thus even though I know I cannot stop the passage of this bill. I say what I have said because one of the saddest and most poignant experiences I know of is to stroll the Halifax waterfront during the summer months and see those vast, empty piers playing host to

pigeons and seagulls, when they should be utilized for the benefit of the Canadian economy and the people of Canada, especially those of the Atlantic region.

Yes, the Atlantic region may be the forgotten part of Canada, but so long as there is one voice left to make itself heard on the part of that underprivileged section of the country, a little hope will remain.

One final thought. There is in this chamber, for the first time in Canadian history a legislative body with a majority of representatives from the geographic division of the Atlantic provinces. We have in this house 30 senators from the Atlantic division, compared with 24 from each of the other three divisions of Canada. I do not for one second suggest that this group of 30 senators could out-vote the rest of the house, but they can at least make themselves heard. I am appealing to that group now to raise their voices against this latest inequity and great potential injustice, and to vote solidly against this measure. I repeat what I said at the beginning, that in its eventuality the St. Lawrence Seaway will mean the end of the ports of Halifax and Saint John.

These views and such action as I suggest will no doubt be decried as sectionalism, but we need not fear name calling. Sticks and stones in the forms of economic injustices have already broken our bones, and names can only ruffle our feelings.

Now I am finished. But before I sit down let me say again to the senators from the Atlantic region that we should remind our critics that Canada will never be truly a great nation so long as 40 per cent of its provinces, represented by the Atlantic region, remain in the underprivileged class. I suppose by reason of our lack of a majority representation we cannot prevent the passage of fiscal legislation that is enacted here against us, but at least we can continue to protest against the substandard conditions which such legislation has created in the Atlantic region. It is for that reason that I speak against, and will vote against, this bill.

On motion of Hon. Mr. Vaillancourt for Hon. Mr. Macdonald, debate adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, March 4, 1959

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

Prayers.

RIGHT HON. LOUIS S. ST. LAURENT

PRESENTATION OF PORTRAIT TO HOUSE OF COMMONS

Hon. W. M. Aseltine: Honourable senators, before we commence business today I would like to inform the house that this afternoon, at 6 o'clock, a portrait of the Right Honourable Louis S. St. Laurent, former Prime Minister of Canada, is to be presented to the House of Commons. The presentation will take place in the proximity of the entrance to that chamber and every member of the Senate is invited to be present. I think it would be a very nice gesture on our part if as many as possible were present on the occasion.

Hon. J. M. Dessureault: Honourable senators, I think it would be appreciated if I added a few words to stress the presence in Ottawa today, as already mentioned by the Leader of the Government, of the former Prime Minister, and my friend, the Right Honourable Louis St. Laurent, whose portrait is to be presented to the House of Commons. It is like old times to have him again in our midst, and I am sure that all honourable senators will join me in welcoming him, and in paying homage to a great statesman, and wishing him good health and long life.

DOCUMENTS TABLED

Hon. Mr. Aseltine: Honourable senators, I table the following documents:

The Canada Gazette, Part II, Statutory Orders and Regulations, 1959, of Wednesday, February 25, 1959, pursuant to section 7 of the Regulations Act, Chapter 235, R.S. 1952. (English and French texts).

First report of the Royal Commission on Energy, dated October, 1958. (English and French texts).

Copy of Order in Council P.C. 1959-121 of February 3, 1959, approving the Capital Budget of the St. Lawrence Seaway Authority for the calendar year 1959, thereto appended, pursuant to section 80 of the Financial Administration Act, Chapter 116, R.S. 1952. (English text).

PUBLIC LANDS GRANTS BILL

REPORT OF COMMITTEE—AMENDMENT CONCURRED IN

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill S-2, to amend the Public Lands Grants Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (S-2) intituled: "An Act to amend the Public Lands Grants Act", have in obedience to the order of reference of January 28, 1959, examined the said bill and now report the same with the following amendment:

Page 1, line 9:—after "lands" insert "not required for public purposes".

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

Hon. Mr. Hayden: With leave of the Senate, I move that the amendment be concurred in now.

Honourable senators, perhaps a word of explanation should be given at this time, although the committee met on three or four occasions and sat for a total of some six hours, and there is a stenographic report of its proceedings.

The amendment which has been made is simple but necessary. It provides for adding to this amending section of the Public Lands Grants Act the words "not required for public purposes". I should explain that under the law as it stands the Governor in Council may sell or lease or otherwise dispose of lands of Her Majesty in the right of Canada not required for public purposes. The amendment which has been introduced and which was considered by the committee deals with a question of procedure as to the manner in which such a transfer may be made in cases where Her Majesty in the right of the federal authority is proposing to make such a transfer to Her Majesty in any right other than the federal authority; and on the theory that the Crown is indivisible the legal opinion was that you could not do this by an ordinary grant. The method that has been followed for many years has been by Order in Council transferring the administration and control of the land that may have been in question from Her Majesty in the right of Canada to Her Majesty in any other right. In the amendment which was presented here the limitation was not inserted in respect of land which might be dealt with as in the main section 4. The limitation there is that the land must not otherwise be required for public purposes. So what we did was to insert the same limiting provision in the amending section.

Hon. W. Ross Macdonald: Honourable senators, I feel that I should remind the house that this bill was introduced here, if my memory serves me correctly, about a month ago. At that time it was explained to the house that it was a very simple bill; in fact it was supposed to be so simple that it was doubtful whether

it was necessary to have it sent to a committee. The honourable senator from New Westminster (Hon. Mr. Reid) then raised the question whether under this bill the Government would be enabled to transfer land to the United States. Of course, the bill had nothing to do with the United States and His Honour the Speaker properly ruled that the question was out of order. Honourable senators, I would remind you that we were all being misled, and I think that includes His Honour the Speaker as well.

Hon. Mr. Aseltine: Not intentionally.

Hon. Mr. Macdonald: No, I am not suggesting it was intentional, but we were misled. We thought this was a simple bill to enable the Government of Canada to do what it has always been able to do. Upon perusing the bill a little more carefully, if memory again serves me correctly, the honourable senator from Inkerman (Hon. Mr. Hugessen) pointed out that it would enable Her Majesty in right of Canada to transfer land from Canada to Her Majesty in right of the Commonwealth of Australia, for instance. We then realized that it was not such simple legislation, and, although I do not say the Government opposed us, we on this side of the house insisted that the bill be referred to committee. There the bill was perused even more carefully and we found it involved a most difficult constitutional question, which the expert constitutional lawyers on the committee studied for the last three or four weeks.

I mention this in order to impress upon the Government that it should not give honourable members the impression that a bill which it introduces in this house is a simple one when it is not. I repeat, I am not saying we were deliberately misled about this bill. My point is that when any Government bill is introduced here the sponsor should know all the facts concerning it, and we should be told all the facts. I also take this opportunity to stress the point that no bill should go through this house without the most careful explanation and scrutiny.

Hon. Jean-François Pouliot: Honourable senators, I am very pleased by the stand that has been taken by the honourable Leader of the Opposition (Hon. Mr. Macdonald) with regard to this bill. Every time the Government is empowered to do by order in council what should be done by legislation it is an encroachment upon the rights of Parliament. I distinctly remember that when certain natural resources that belonged to, at that time, His Majesty in right of Canada, were transferred to the Prairie provinces, there was a separate bill for the transfer to each province. This morning in committee I asked the Deputy Minister of Justice if by virtue of this legislation it would be possible —although such action is not probable—for the Government of Canada to sell these Parliament Buildings to the Government of Cyprus, a Government that is now led by Archbishop Makarios. The deputy minister replied yes. This illustrates how far the bill goes. It empowers the Canadian Government to transfer—the words "sale" and "lease" have not been used—for ever or for any lesser term any public land which belongs to Canada to somebody else, whether to a province or another part of the commonwealth.

I find it a dangerous piece of legislation. I said that this morning before the committee, and I repeat it now before you, honourable colleagues, and I wonder what you will decide to do about it. But also I suggested an amendment, that a transfer should be possible only within the boundaries of each province, meaning by that that the Government of Canada would not be empowered to sell any part of the territory to any other Government of the commonwealth and would be unable to sell any part of one province to another province I was not successful but that did not change my view about it. I had the support of a handful of friends, which are enough to prove to one that he is not alone in having certain views.

I repeat my conclusion that this bill is a dangerous one. In my opinion no parcel of Canadian territory should be transferred by order in council to another sovereign power; it should remain the property of the Canadian people.

The Hon. the Speaker: Honourable senators, it has been moved by the Honourable Senator Hayden, seconded by the Honourable Senator Beaubien, that this amendment be now concurred in. Is it your pleasure to adopt the motion?

Hon. Mr. Reid: On division.

Hon. Mr. Pouliot: On division.

Motion agreed to, on division.

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

Hon. Mr. Aseltine: Next sitting.

PRIVATE BILL

EVANGELICAL MENNONITE CONFERENCE— REFUND OF FEES

Hon. Arthur L. Beaubien moved, with leave of the Senate:

That the Parliamentary fees paid upon the Bill S-11, intituled: "An Act to incorporate The Evangelical Mennonite Conference", be refunded to Mr.

Gordon J. Barkman, of Steinbach, Manitoba, solicitor for petitioners, less printing and translation costs.

Motion agreed to.

NATIONAL HOUSING BILL, 1954

SECOND READING

Hon. Gunnar S. Thorvaldson moved the second reading of Bill C-28, to amend the National Housing Act, 1954.

He said: Honourable senators, probably I should say at the outset that if, as and when this bill receives second reading in this chamber I will propose that it be referred to the Standing Committee on Banking and Commerce.

Honourable senators, as you are all aware, in the last session of Parliament the report of Central Mortgage and Housing Corporation, namely, the report for the year 1957, was referred to the Senate Standing Committee on Finance for investigation and report. That committee, under the chairmanship of the late Senator Hawkins, held a comprehensive inquiry into the National Housing Acts and into the Central Mortgage and Housing Corporation. It held eight meetings, at which it heard many witnesses, including the President of C.M.H.C. and other of its officers, and it also heard from some of the national house building associations in this country.

The committee reported on August 7, 1958, in what I will refer to as a most comprehensive report, and indeed an excellent report. The then chairman of the Finance Committee was, as I have mentioned, the late Senator Hawkins, and this report was one of the last acts of that great gentleman in the Senate.

As a prelude to my remarks and explanation of Bill C-28 I would like to quote a few excerpts from that report. I am reading from the *Debates of the Senate* for 1958, page 501:

> A study of the evidence given by the President of Central Mortgage and Housing Corporation and after witnesses shows that the position of the Corporation is one of major importance to the economy of this country. Your committee feels that the creation of conditions which will encourage a vigorous house-building program is one of the prime duties of Central Mortgage and Housing Corporation. At the present time, this duty is, in the opinion of the committee, being fully discharged.

I would like to read also a paragraph from page 502, to indicate, as I will try to show when I explain the amendments, that they follow very closely the recommendations made in this report.

> From the evidence presented, it is apparent that the flow of mortgage funds during the last few years has been both insufficient and erratic. Concern has been expressed by various witnesses about the future supply of mortgage funds. It is evident that there is a need for a close study of the problem of increasing the supply of mortgage funds and stimulating the sale of insured mortgages.
>
> Your Committee recommends, therefore, that an organization be set up under the leadership of Central Mortgage and Housing Corporation to carry out a close study of this problem. This body would contain representatives of the Bank of Canada, the Department of Finance, chartered banks, life companies and other approved lenders. Its terms of reference should be confined to two aspects:—
>
> (a) Increasing and stabilizing the flow of mortgage funds.
>
> (b) Stimulating the sale of insured mortgages and encouraging the resultant sale funds back into the mortgage market.

In regard to the recommendation that an organization be set up under the leadership of the Central Mortgage and Housing Corporation and that that body should consist of representatives of the Bank of Canada, of the Department of Finance, of the chartered banks, life insurance companies and others, I want to say, as I am informed, that although the investigation did not result exactly in the creation of an organization of the agencies referred to, nevertheless Central Mortgage and Housing Corporation has been in close contact with the Department of Finance, with the Bank of Canada, with various lending institutions, the Canadian Housebuilders Association and other people who are interested in housing in Canada. And it is as a result of those investigations that the present bill comes in in its present form.

Hon. Mr. Wall: May I ask the honourable senator a question? In the context of his references to the Finance Committee report on the National Housing Act would he indicate whether any consideration is being given by the Government to a recommendation dealing with the provision of mortgages for homes that are not newly built? There was a recommendation to that effect. There was also a minor recommendation concerning the mortgage insurance fund. There was a recommendation, if I remember correctly, that an actuarial study be made of that fund, which is growing rather rapidly—I believe it is now about $45 million—to see if there is not a point coming where a reduction might be made in the payments into Central Mortgage and Housing Corporation.

Hon. Mr. Thorvaldson: Honourable senators, I am going to make a suggestion, in regard to the question of the mortgage insurance fund and the proposal for an actuarial study of it. There was some discussion on this point in committee of the other house, and I would suggest to the honourable senator that it would be preferable if there was a discussion on this point in committee rather than here. I think it would be better if I proceeded with my explanation of the bill. I would say the same in regard to the question

as to mortgages on homes that are not new, namely that the matter could better be discussed in committee.

Hon. Mr. Wall: That will be satisfactory.

Hon. Mr. Thorvaldson: Honourable senators, it has been said from time to time that we had in Canada during 1958 the biggest housing boom in our history. I will be giving figures in regard to housing starts and completions during 1958, and we should all remember that those figures should be translated into terms of better living standards for Canadians. Figures themselves are cold as steel, but we should recall that so many thousands of housing completions mean that number of new homes for Canadian people.

The bill amends the National Housing Act, 1954, in four main particulars. First, it authorizes a further advance from the Consolidated Revenue Fund to C.M.H.C. of $250 million. This has the effect of increasing the funds which may be advanced by the Government to C.M.H.C. from $750 million to $1 billion.

Secondly, the bill contains an amendment providing that the corporation be empowered to sell insured mortgages to any purchaser who is willing to buy, provided that either C.M.H.C. or an authorized lending institution administers the loan. As honourable senators may recall, C.M.H.C. in its sale of insured mortgages has been restricted to only authorized lending institutions. This amendment would do away with that restriction and entitle the corporation to sell to any person. I may say that the purpose of this amendment is to help in the creation of a fluid mortgage market in this country. It is hoped that many investing organizations which now do not buy mortgages may enter the field of mortgage investment, and it is for that purpose that this amendment is proposed.

The third amendment provides that the insurance fund will guarantee 100 per cent of the face value of an insured mortgage, instead of 98 per cent as at present. I do not intend to go into the reasons why the fund guarantees only 98 per cent of the mortgage at the present time, but such is the fact. I must say that I see no reason why the law should be so, but I am informed there is a long explanation behind it. Passage of this amendment would remove that limitation, and henceforth anyone who purchased a National Housing Act mortgage would have insurance coverage by the C.M.H.C. insurance fund up to 100 per cent of the value of that mortgage. The reason for this amendment is that certain companies, such as trust and loan companies, are restricted to the purchase of securities authorized by the provisions of the British and Canadian Insurance Companies Act, and consequently require a 100 per cent Government guarantee. The proposed 100 per cent guarantee under this amendment will enable organizations which are so restricted in their investment powers to purchase C.M.H.C. mortgages and comply with their powers of investment.

The fourth amendment is this: Under the present act, C.M.H.C.'s purchase of mortgages from authorized lenders is limited to $25 million. This bill proposes that this limit be removed.

Honourable senators, I have reviewed briefly the four proposed amendments to the National Housing Act. I should like now to review briefly the operations of C.M.H.C. in the housing field during the year 1958.

As I said previously, I am sure we are all aware of the great buoyancy in the house building industry during the past year. Indeed, I think it fair to say that house building has played an important part in arresting the recession in this country. For instance, housing construction in 1958 comprised 6 per cent of the gross national product of Canada, and 20 per cent of the capital spending in this country during that year.

Hon. Mr. Pratt: May I ask the honourable senator whether the figures he has just given apply only to houses or to all types of buildings?

Hon. Mr. Thorvaldson: Six per cent of the gross national product and 20 per cent of all capital spending refer only to houses. Those are the figures I get from the corporation.

I should like to give some comparative figures which will indicate the extent of the building that took place in 1958. In that year there was a record number of housing starts, 163,000 units, and 146,000 completions. In 1957 there were 122,340 starts and 117,283 completions.

In the year 1958 approved lending institutions under the act committed $520 million for housing loans; whereas, in 1957 the corresponding figure was $278 million. That is, in 1958 approved lenders almost doubled their investment in housing in Canada. When we speak of the part played by C.M.H.C., which is the Government agency in the housing field, I do not think we should forget that private companies of this country played a still larger part in the financing of housing development.

I should like to say a word or two about what has been referred to as the small home loans program. About a year or a year and a half ago it was determined that an effort should be made to build smaller homes in order to provide housing accommodation for

people of lower incomes. As a result, the total number of small homes which were built in 1958 was 28,600. Of these, 15,600 were Central Mortgage and Housing Corporation loans, and 13,600 were financed through approved lenders, but with C.M.H.C. funds; they were so-called agency loans. In the same year C.M.H.C. contributed $388 million to the home building industry, representing approximately 40,000 homes.

Most of us, I suppose, have heard of another phase of C.M.H.C. activity, namely, what is known as limited dividend housing. In 1958 7,000 units were built under section 16 of the National Housing Act, 1954, as compared with 4,200 in 1957. The construction which takes place under this division of the housing act is for low-income families and old people. The development is largely done by private interests and non-profit organizations.

If I may, I will mention a personal experience in this field, and I do so to indicate the very important part which this division of the act can and should play in housing in this country, particularly in what we refer to as the low-cost field, namely, housing of people who, including old folk, although perhaps not in urgent need of subsidized housing, require and benefit from such facilities. It is a method whereby low-cost housing is being developed and can be expanded to a very much greater extent. A couple of years ago the City Council of Winnipeg was considering going into the subsidized housing field. The council, with the Council of Social Agencies, approached C.M.H.C. with a view to creating an experimental development in low-cost housing. In the result C.M.H.C. arranged with the architectural department of the University of Manitoba to prepare plans of such a development on land owned by the city. This having been done, the mayor approached the president of the Winnipeg Chamber of Commerce and said, "We would like you people to take hold of this thing and see what can be done." The chairman of the chamber of commerce approached me and asked if I would help in the completion of this project. We called a meeting of 30 heads of local business firms, explained the proposition, and told them that we would like them to provide $30,000 as equity capital. Thus 10 per cent of the money required would be provided by business, and the other 90 per cent would come from the C.M.H.C. Within two or three days 26 companies had their cheques, each for $1,000, in my office. We proceeded with this development, and in the result five buildings were erected, at a cost of $250,000, having a total of 30 dwelling units. As I have stated, $26,000 of this amount was provided by private capital, through these 26 businesses, whose subscriptions were made, not as an investment, but to help forward the experiment. The balance of $224,000 was the amount of the C.M.H.C. mortgage. The 30 apartments thus provided ranged from two-bedroom units renting for $52.50 to four-bedroom units renting at $76 per month. The directors of the enterprise included a representative each of the chamber of commerce, the business people who put up money, the Winnipeg Trades and Labour Council, and the Council of Social Agencies of the city of Winnipeg. All the tenants were selected by the Council of Social Agencies, and they were people who, probably, had been paying more for living in what might be called slums and hovels than they later paid for the excellent housing which was provided under this scheme.

Hon. Mr. Robertson: May I ask the honourable senator what rate of interest is charged?

Hon. Mr. Thorvaldson: The rate of interest was 4¼ per cent. It is now slightly higher —I believe, 4⅜. The point I want to make is that we took 30 people out of very poor housing and put them in much better accommodation in these newly-constructed buildings. I visited the buildings during their construction and after the present tenants took possession. I have never known happier people, because here they had good housing for which they probably paid no more or even in some cases, less than they had to pay in the places where they previously lived.

One other point I want to make in this connection is that the venture, from a financial point of view, is eminently successful. The City Council is now about to determine whether it would like to use some of the information which we have been able to acquire from this little experiment.

Hon. Mrs. Fergusson: In the allotment of apartments was any priority given to senior citizens?

Hon. Mr. Thorvaldson: No. As a matter of fact a great number of requests came from older people, but we had only 30 units, and it was decided that they should be filled entirely upon the decision of the Council of Social Agencies, which took people out of poor housing and transferred them into the first-class accommodation which was provided in this way.

Honourable senators, another activity of C.M.H.C. that I would like to refer to is what is called public housing for families of low income. Those are cases where C.M.H.C. enters into a partnership with a province for the construction of housing

units, with C.M.H.C. providing 75 per cent of the money and the province, in some cases aided by municipalities, providing 25 per cent of the money. In 1958 1,632 housing units were provided under this plan.

As a further activity during the year, C.M.H.C. gave financial aid to municipalities to help them study problems of housing blight with a view to redevelopment. Under this scheme urban redevelopment projects were undertaken in the cities of St. John's, Newfoundland, Toronto, Ontario, Montreal, Quebec and Halifax, Nova Scotia.

There is one other phase I think honourable senators would be interested in as regards the housing boom in 1958. I believe we all recognize there is no purpose in creating housing unless the houses are purchased. I am sure honourable senators will be glad to hear that the housing demand throughout 1958 was remarkably strong, and that the number of houses completed and unoccupied did not rise over the 1957 level. The number of completed houses that remain unoccupied is surprisingly low. As a matter of fact, I am informed that the number for all Canada as at the end of last week was about 3,000. That is quite infinitesimal, considering the number of housing completions that there were last year.

Hon. Mrs. Fergusson: Could the honourable senator tell the house how many houses were constructed in 1956 and in 1957?

Hon. Mr. Thorvaldson: I have not those figures with me but I am sure we can get them in committee.

Hon. Mr. Hnatyshyn: There were 135,700 housing units constructed in 1956, which was the all-time high prior to last year.

Hon. Mr. Macdonald: That number is greater than the numbers given for each of the years 1957 and 1958.

Hon. Mr. Hnatyshyn: No, the 1958 figure was 146,000. The previous high was in 1956, when 135,700 housing units were constructed.

Hon. Mr. Thorvaldson: Honourable senators, I am sure we all recognize that the more houses completed and sold in this country the more active our industries become. Industries like lumbering and brick-making benefit, as do the manufacturers of electrical appliances, stoves, furnaces, carpets, furniture and other products that go into the furnishing of houses. This is another reason why, as I mentioned before, the housing industry in 1958 undoubtedly played a large part in helping to relieve the recession through which we were going. I am also informed there is a good basis for optimism in the housing field for 1959.

Honourable senators, in conclusion I would like to pay tribute to Central Mortgage and Housing Corporation and the lending institutions in this country. C.H.M.C. has played a leading part in housing development and will no doubt continue to do so in the future. According to the figures I have given this afternoon, the lending institutions of Canada are also to be highly commended for the part that they have played in our housing development.

Hon. W. Ross Macdonald: Honourable senators, the honourable gentleman from Winnipeg South (Hon. Mr. Thorvaldson) has given us a clear explanation of this bill. If it were not for this fact and that he has assured us he will recommend that the bill be sent to committee, my remarks would be quite extensive at this time. Under the circumstances, they will be comparatively brief.

I do wish to join with the honourable senator from Winnipeg South in paying tribute to the work of the Senate Finance Committee last year under the distinguished chairmanship of our late friend Senator Hawkins. We were pleased to hear the tribute paid to his memory in connection with the work he performed on that committee. I may add that during all the years he was in this chamber Senator Hawkins was faithful to any task he undertook. Last year the Finance Committee performed a difficult task most devotedly, thereby contributing much to the work of the Senate. I am sure that any task the Finance Committee may undertake this year will be carried out just as carefully and faithfully under the distinguished chairmanship of the honourable gentleman from Saint John-Albert (Hon. Mr. Emerson).

I also join with the honourable senator from Winnipeg South in paying tribute to the officials of Central Mortgage and Housing Corporation. They appeared before the Finance Committee last year and were always forthright in their answers and in giving the committee their views on what the future holds in store for Canada in so far as housing is concerned. I am glad to know that this legislation is going to be referred to committee, where no doubt these officials will be present again.

I agree with what was said by the honourable senator from Winnipeg South regarding the value of homes to a community. There is no greater asset that any country can have than happy homes, and I feel that homes are always happier if those who reside in them are the owners or under agreement to become the owners.

This is indeed a very important piece of legislation, and I am sure it will receive the unanimous support of this honourable body.

One matter in connection with housing which concerns me greatly is whether or not it is still necessary to build houses in such large numbers as we have done in the past. Honourable senators will recall, and I think the Government admitted it, that this housing program was brought down in the first instance to relieve unemployment. One of the main purposes was to create work, help industries and factories, and keep our lumber yards busy. That is one of the reasons why we were asked last year and the year before to support this legislation. But is it still necessary to use those means to create employment? Are the houses still required? I feel that at this time we should consider whether or not there is need for more houses, and not so much whether building them would relieve employment.

The honourable senator from Winnipeg South quoted some figures. He stated that in 1957 there were 117,000 homes completed and in 1958, 146,000 completed, making a total of 253,000. The honourable senator from Saskatoon (Hon. Mr. Hnatyshyn) informed the house that in 1956 there were more homes completed than in 1957.

Now, what amount of money has been invested in these homes by the Central Mortgage and Housing Corporation? The corporation's capacity to make loans in 1956 was $250 million; that was the amount of money that was voted. In 1957 an additional $150 million was voted. So up to the end of 1957 we had provided Central Mortgage and Housing Corporation with the sum of $400 million for the building of homes in Canada. In 1958 we approved an additional amount of $350 million, which means that up to the present time we have given the corporation power to make loans in the gross amount of $750 million. The corporation has on hand now approximately $100 million. This bill will enable it to make additional amounts to the extent of $250 million, so that from 1956 to 1959, inclusive, the corporation will have been enabled to make loans to the extent of $1 billion. With the $100 million the corporation has on hand now and the additional grant of $250 million, the corporation will be enabled during the present year to make loans to the extent of $350 million.

Honourable senators, that is a lot of money for the Government to put out into homes. I have no objection to it if the homes are needed, but I think we should consider very carefully whether we are advancing this money mainly for the purpose of building homes or creating employment. Have we been building houses for the past three or four years in order to create employment? It is a very serious matter indeed if we are encouraging the building of more homes than are required, because if so the people who buy such homes, particularly those who pay a high price, will find later on that the value of their property has fallen. This is a very difficult question, and when the president of Central Mortgage and Housing Corporation comes before the committee we should ask for his opinion as to the future need for homes in Canada. Are we going to continue indefinitely over the years to advance $250 million to $300 million annually for the building of homes?

I will say no more on the subject now than that if homes are being built in order to lessen unemployment, I feel the time has come for us to seek some alternative way of creating employment.

Hon. William M. Wall: Honourable senators, I have read with deep interest the debates in the other place on the resolution to introduce amendments to the National Housing Act and on Bill C-28 itself.

The Government's intention is to increase operational capital by $250 million, which intention is shown in clause 6 of the bill, and to make other beneficial amendments, which I shall not enter upon at length. All these amendments are going to be beneficial, and I intend to support them, with reservations which I shall discuss briefly in the hope that we may see our way clear to suggesting additional beneficial amendments in the act proper, or in its sequential administration.

The really basic amendment is contained in clause 6, which increases from $750 million to $1,000 million the amount which may be advanced out of the Consolidated Revenue Fund—and please note these words:

—upon terms and conditions approved by the Governor in Council.

This clause brings us to the need of a careful and judicious reappraisal of the basic purpose of the National Housing Act, which I would term simply "to help Canadians with their housing problems".

I would refer honourable senators to the House of Commons *Hansard* of February 27, 1959 and point out respectfully that the minister's interpretation of the purposes of the National Housing Act hinges on the definition of housing. I contend that this definition is narrow in its conceptual and operational framework and it is high time we made some changes in it.

I would refer you to the act itself, Chapter 23 of the 1953-54 statutes, and to the definitions which are contained in it. If you consult section 2, the interpretation section, you will find the definition of family housing unit, family of low income, house, and housing project, and in all those definitions we are

limited to what I would call individual family units, that is a self-contained house, or a semi-detached unit, or a self-contained unit in a multiple dwelling building.

On page 1446 of the Commons *Hansard* the minister is reported as saying:

> The National Housing Act confines activities of the corporation to individual housing units.

I quote further from the same page. Dealing with the request for assistance in building university student residences, the minister said:

> Here again we would not be building houses; and if we were to go into giving assistance in the construction of residences for universities, we would also be asked to take similar action for nurses and many other groups in the country.

The emphasis, therefore, in the act, and in its administration is on self-contained units.

What about housing other than detached, semi-detached, or self-contained units? Is this form of housing or living accommodation not needed for many of our Canadian citizens who may not and perhaps should not be expected to live in self-contained living units? Why not take the definition of housing out of its present operational strait-jacket and include into this concept boarding-type residences for our senior citizens, for our university students, for nurses, internes and operational staffs of hospitals, for the chronically sick and for other deserving Canadian citizens? Are we to judge exactly what kind of housing has the greatest social value, and are we absolutely convinced that boarding-type residential accommodation is not needed, not meritorious, and not equally desirable for the common good? Is it not the purpose of the act to help all Canadians with their housing problems? Why are we so concerned with its type or character, and why do we delimit its scope to "self-contained unit" type of living accommodation? Are we sure?

We appear to be so concerned with "employment-producing" reasoning. I cannot quarrel with that—indeed, I congratulate the Government upon the evidence given by the Minister of Public Works that so many thousands of man-year jobs were provided by the accelerated program of house building starts in 1958. I am not convinced however, that an equal number of man-year jobs might not have resulted had our operational concept of "housing" been amended or enlarged to include other housing projects than those of the individual detached, semi-detached, or self-contained unit type.

This relaxation of our definitional concept of housing, as it presently operates in the framework of rising costs and the numbers and the kind of homes presently being built for the kind of Canadians who are able to qualify, becomes increasingly urgent as we assess the implications of a breakdown of cumulative totals, say for the preceding eight years.

Annual figures tell us something, but they do not provide the full impact of the story, which is basic, namely, that the National Housing Act does build many homes for many Canadians, it does provide employment, it has helped to counteract the current slowdown in our economy, but it has not provided in adequate amounts the kind of housing, and I am using this word in a wider sense, that so many Canadians need, especially those whose low incomes preclude their adequate participation but whose needs are perhaps at least equally pressing and equally meritorious from a national social standpoint. I know that this basic concern is shared by many other Canadian citizens and by the responsible and exceedingly able and conscientious officers of the Central Mortgage and Housing Corporation. This plea was reinforced indirectly this afternoon by the encouraging and eloquent statement of the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson). The honourable Leader of the Opposition (Hon. Mr. Macdonald) raised the question, "Are the homes needed?" I would follow that up with this question: If they are, and I think they are, what kind and what amounts of housing accommodation are needed?

Let me give you some statistics: The tota. number of dwelling units for which mortgage loans were approved under the National Housing Act from 1950 to October 1958 is 413,902. I was not able to get the total figures for 1958 because they are not yet released.

I refer you to the 1957 fourth-quarter Report of Canadian Housing Statistics, table 34, page 29. That table relates family income to families borrowing under the National Housing Act, and I want you to watch these figures:

In 1951, according to the Dominion Bureau of Statistics, 47.4 per cent of families were earning $3,000 or less. To these 47.4 per cent of families went 13.2 per cent of loans made under the National Housing Act. The disparity is already great.

In 1954, because of rising income, 34.9 per cent of families were earning $3,000 or less and in that year the loans made to this 34.9 per cent of our population were five-tenths of 1 per cent of all loans made under the National Housing Act.

In 1951, families earning $3,000 or less were calculated at 31 per cent. What percentage of the loans did they get? Three-tenths of 1 per cent.

For 1956 we have no data of the percentage of families earning $3,000 or less per annum,

so we have to refer back to 1955, which was roughly 31 per cent. Loans to those people amounted to two-tenths of 1 per cent.

In 1957, no loans. No loans to people earning $3,000 or less per annum, according to that table.

Let us take the case of families earning up to $4,000 per year: In 1951, 70.9 per cent of families fell into this income bracket. The percentage of loans made to them: 55.3. It looks very respectable.

In 1954, 57.3 per cent of the Canadian population with family income of $4,000 or less received 15.7 per cent of the loans. Slowly the relative number of loans dropped until, in 1957, about 53.9 per cent of Canadian families in that income bracket received merely 7.6 per cent of the loans.

Honourable senators, these figures perturb me, and it is for that reason I am bringing them to your attention.

Let us put it in another sense: according to table 35 of the 1957 statistics, .2 of 1 per cent of all National Housing Act loans went to families who earned an annual income of $3,000 or less; 17.3 per cent of the loans went to families whose incomes ranged between $3,000 and $4,000. So the total is 17.5 per cent, which was supposed to take care of more than 50 per cent of Canadian families earning less than $4,000. Putting it in another context: in 1957 the average income of National Housing Act applicants was $5,857 for non-agency loans and $5,026 for agency loans. I ask, what story does this tell us?

Perhaps, honourable senators, we are providing these thousands of low income Canadian families with rental accommodation. From January to October, 1958, according to the Canadian Housing Statistics, third quarter, 1958, we built 28,945 self-contained units in rental apartment type living accommodation. I need not describe the kind of apartments being built, nor who is likely to live in them. During the same period—and I refer you to page 17 of this report—we built under the limited dividends provisions of the act 4,650 self-contained units out of a grand total of 64,586, or roughly 7.2 per cent. We appear to be making some improvement, and I am delighted, encouraged and hopeful that we may do still better.

So, although I may accept the significance to Canadian employment of this very fine effort in home construction, I am pointing out that the National Housing Act as presently operated—for reasons which are not necessary for me to document in any greater length at the present time—simply does not build houses or other dwelling units for the lower income groups in numbers which could be construed in any sense of the word as adequate.

The minister's own evidence confirms our continuing failure in this regard. He tells us that only 500 units of so-called low-cost homes, with a unit cost with land of between $9,000 and $10,000, were completed and sold under the National Housing Act; and that loans were made for nearly 7,000 rental units under the limited dividend section of the act, also for low income groups. This means there was a total of 7,500 units for low income families out of a grand total of 146,686 completions in 1958. The percentage relationship is obviously and woefully inadequate.

Taxation statistics, 1958, tell us that for 1956, 49.75 per cent of our Canadian taxpayers earned incomes of $4,000 or less, and 25.2 per cent earned incomes under $3,000. Even this rough gauge tells us that we are simply not building under the National Housing Act homes for the kind of people for which the act was originally planned.

Please note that the minister tells us that the average income for people benefiting under the small home loan plan is $5,146, and that the average income for people benefiting from the National Housing Act under insured loans is $6,115.

The cumulative total of small homes and units built under the limited dividend section, when compared to 413,902 units built under the National Housing Act from 1950 to October 1958, is simply tragic, if we honestly assess its full implications. We built 11,598 out of a total of 413,902, or 2.8 per cent.

I would respectfully suggest that the time has come when serious consideration should be given to changes in the statute, or in the terms and conditions arrived at by the Governor in Council, which would simply allocate—and I underline that word—the capital funds which are being provided at public expense. We are increasing the capital structure by $250 million. Why can't we say that $100 million of this new money will be allocated for slum clearance projects, for low-cost housing, and for limited dividend rental housing? In the context of the need for university students' residences—which I shall document later—why can't we say that $25 million of this new money will be reserved for loans to universities and colleges, at least on the limited dividend basis? That leaves the sum of $125 million, plus whatever is still left in the "kitty", or a total of $225 million, for the type of houses now being constructed in such overwhelming numbers. When this general fund of $225 million is exhausted, as it may well be, perhaps the

construction industry will show greater interest in the public funds available in the other important housing construction sectors, also of great socio-economic import.

Now, I want to talk briefly about the need for residential accommodation for university students, and I shall document a little bit my plea that $25 million of this $250 million be allocated under the National Housing Act for residential accommodation for university students.

At this point I should like to ask: What happened to the promises of one of the members of the present Government, the Honourable Sidney Smith, who spoke at great length in Vancouver about the need for residences at all Canadian universities, when he indicated that he knew of areas that had never sent students to the university because of financial inability to pay boarding fees and when he intimated that very few students are able to attend without summer work, etc.? Then he said that an amendment of the National Housing Act to make loan terms more favourable for universities building residences would be recommended by him to the Government of the day. What happened to this interesting promise?

For what is the problem, stated in round figures? Our current enrolment in universities and colleges is 94,400 students. Our residences can accommodate 13,000 students, or roughly 15 per cent. In the United Kingdom university residential accommodation is provided for 27 per cent of the students, and strenuous efforts are being made to increase the proportion housed.

I want to remind you of the brief presented to the Senate Standing Committee on Finance in July of 1958 by the representatives of the National Conference of Canadian Universities, in which they stated:

> Even if the universities do no more than maintain the present capacity in relation to enrolment, i.e. 15 per cent, an additional 7,000 units will be required by 1964. Assuming that enrolment will reach at least 133,000 by 1964-65 (six years from now) and that 25 per cent should be provided with adequate residence on the campus—

I must depart now from the script and say that that is the figure recommended by competent educational leaders.

> —then the present capacity of residences must be increased by 20,000, i.e. from the present 13,000 to 33,000.

What is this going to cost? If one assumes that construction of residences will cost, on the average $5,000 per student accommodated, the minimal 7,000 units required by 1964-65 to house only 15 per cent of students would cost $35 million. If capacity were increased to 25 per cent, as is thought desirable, the 20,000 additional units required would cost $100 million.

It is evident that university residences of the desired standard cannot be self-liquidating unless interest rates on loans are much lower than those now in effect, or unless rentals charged to students are exorbitantly high. But if National Housing loans were available for the construction of residences, especially under the limited dividend provisions, the task would be easier although, even then, universities would have to seek grants or donations for construction, and maybe for operation. But the task of financing would be made much easier.

What is the current situation? I think it is important for us to remember that the reports from universities received early in February indicate that there are 11 residential projects under construction in universities and colleges from the Maritimes to the West Coast. These projects will provide accommodation for an additional 1,962 students by 1960. The total cost will be $9,842,258; the cost per student will average $5,016. If, by 1960, our university enrolments do no more than increase by the current 8,000 per year, we shall have accommodation for roughly 15,000 students, as compared to a total enrolment of over 100,000 students. In other words we shall be maintaining roughly a 15 per cent rate relationship—which is not good enough.

How are we to encourage and assist this construction of university and college residences so that we may catch up on the existing backlog and accommodate, not the present 15 per cent, but the 25 per cent which is a minimal desirable standard recommended by responsible and competent educational leadership?

I want to end by pointing out that, in the other place, when this problem of university residences was raised, the honourable Minister of Public Works had this to say:

> In the last year there has been considerable alleviation of this problem, because the Canada Council has made grants to various universities to assist them with the construction of residences.

That is true. But it is important to assess the amount of this assistance and relate it to the need.

First, let us remember that the $50 million available to Canada Council for capital grants is to cover the whole national field—in the humanities, the arts, and the social sciences; for classroom buildings, libraries, and other instructional-type facilities, and for residences. The sum-total of these funds is small as compared to the sum-total of pressing needs.

Hon. Mr. Reid: Was it not intended that the residences would be for professors, not for scholars?

Hon. Mr. Wall: You mean—

Hon. Mr. Reid: The grant from the Canada Council.

Hon. Mr. Wall: I would not think so. I believe that the moneys which have been allocated from Canada Council funds are for student residences. Some units in these residences may be for resident deans, supervisors, and the like, but that was not the main purpose.

Fortunately the Canada Council has recognized the urgent need for university residences, and out of total appropriations of $11.6 million more than 50 per cent, or $6.5 million, has been authorized for university residences to the 11 colleges and universities which I have already named. At a modest $5,000 per student, this will provide for, roughly, 1,300 students. It helps, but we must understand that it helps only so much. The needs still exist, and are ever more pressing. Hence my plea to the Government, in line with the promissory commitments of the honourable Minister for External Affairs, that amendments are needed to the National Housing Act to make loan terms more favourable for universities building residences.

Thank you, honourable senators.

Hon. T. A. Crerar: Honourable senators, my contribution to the discussion of this bill will be brief. I find myself somewhat out of harmony with my good colleague who has just spoken, the junior senator from Winnipeg (Hon. Mr. Wall). It is significant that we are proposing an addition of $250 million to the national housing fund. The junior senator from Winnipeg advocates that a substantial amount of this should be earmarked for university residence.

Hon. Mr. Wall: Ten per cent.

Hon. Mr. Crerar: I sometimes think I have lingered on the stage too long—

Hon. Senators: Oh, no.

Hon. Mr. Crerar: —but I cannot grow enthusiastic over the ardent desires of sob-sisters, good-doers and uplifters to benefit humanity in all its aspects. I distrust them. It is not a good nor wise thing to make conditions too easy for young men and women starting out in life. There is such a thing as discipline, which we used to have in the early years and which is of incalculable benefit to people later on.

Some fifteen years ago, when we instituted family allowances in Canada, what was the argument used for creating them? What was the proposition put forth by their advocates? It was said they would help to raise better families, better young men and women. What has been the result? Last year we spent $470 million on family allowances and this year we will spend $495 million, an additional $25 million. Since the inauguration of family allowances we have paid out of the public treasury for this purpose probably over $3½ billion. What for: to raise better families and to give parents an opportunity to provide their children with the necessaries of life? I do not deny that in certain cases family allowances have been beneficial, but I have grave doubt as to whether on the whole we have thereby improved the social structure of this country. After spending $3½ billion on family allowances over the past 15 years we find today that juvenile delinquency in this country is at the highest level it has ever been. That is common knowledge. If you can solve these problems by spending money, why should juvenile delinquency be so prevalent as it is today?

Honourable senators, the fallacy that enters into our thinking on these matters—and this applies to some honourable senators—is that you can solve any social problem by spending money. You cannot do it.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Crerar: If you remove incentives to initiative and make things easy for people so that they do not experience the natural disciplines of life, you fail in your objective. That is precisely what is happening in a widespread area in this country today.

There is another observation in connection with this measure that I wish to make. I am not at all sure it is wise to go on building houses at the rate we have been doing. In the last few years we must have voted at least $500 million for housing development, and it has been admitted that one of the primary reasons for spending all this money has been to relieve unemployment. There have been collateral reasons too, of course. There is no doubt that improved housing has been beneficial to some people, but are we not reaching the point where another class of home owner will be adversely affected? I always respect the opinion of the honourable the senior senator from Winnipeg (Hon. Mr. Haig), and I think he will confirm my contention that some house-builders are finding it more difficult to sell houses than was once the case. What effect is this going to have on those who own two- and three-storey houses? In recent years there has been quite a desire on the part of the owners of such homes to move into modern, well-insulated bungalows possessing the latest gadgets. What will happen to these two- and three-storey houses? They may still be good but they will depreciate in value. So, while we gain supposed benefits by building new houses all over the place, at the same

time we are adversely affecting a number of home owners who are unable to sell except at a substantial loss. These factors are of some consequence.

When Governments get into this type of thing they are treading on very doubtful ground. I know there are some in this house who do not agree with me at all, those who are full-blown advocates of the welfare state philosophy. Incidentally, it might be a good idea on some occasion to have a debate in this chamber on the implications of the welfare state philosophy and where it is going to lead. In my humble judgment, if we follow a policy of social security, welfare and ease for all our people, we shall travel straight down the road to some form of authoritarianism.

I grew up on the western Prairies, where the air blew freely day and night, in both winter and in summer, and perhaps it instilled in me some appreciation and understanding of the value of freedom. I want to say with all the force at my command that in the end there is nothing—whether it be security, housing, family allowances or anything else—that will match the freedom we enjoy today. More and more as I grow older—sometimes, no doubt, many people think I am lingering too long on the scene—I find myself desiring to test these measures not by their superficial worth, but by their ultimate effect, in 10, 15, 25 or 50 years from now, on the freedom we enjoy today.

Hon. Mr. Reid: We have lost a lot already.

Hon. Mr. Crerar: My good friend the senator from New Westminster says we have lost a lot of freedom already. I am quite conscious of that. I find myself "cabin'd, cribb'd, confined" in a multitude of ways, and I resent it. I am quite willing to paddle my own canoe, and a great many other people feel the same way; but the trouble is, as I said earlier, the do-gooders, the uplifters and sob-sisters, take great compassion on me and want to paddle my canoe for me and to direct me where I shall go. I don't like it, honourable senators.

I want to say one word on this measure. In the extension of housing—this building and building and building of new housing—I am afraid that we may do a disservice to another class of house owners who are going to be adversely affected by all this increased building.

Hon. Calvert C. Pratt: Honourale senators, when the honourable junior senator from Winnipeg (Hon. Mr. Wall) was speaking, it seemed to me that his argument for various services, such as residences for university students, was not altogether pertinent to this bill.

In connection with Central Mortgage and Housing Corporation and the administration of the National Housing Act, I have always felt that the public money spent for that purpose has provided a service of very great value to Canada. I am not much impressed with the thought that seems to prevail in some quarters that the financial outlay is beyond the needs. Of course, I know that things can be overdone, that the best things in the world can be spoiled by excesses. Personally, I do not feel that this particular operation has reached that stage. The returns that are coming in, showing the progress made in collections, and so forth, will indicate whether there are excesses or not.

I was rather surprised that the honourable senator referred to these funds as a Government expense. He may not have meant to do so. Certainly I do not regard this use of public funds in that light. The funds as they are administered under this act by the corporation are really in the nature of secured loans for the welfare of people. The money flows back, so the original outlay cannot be regarded as a public expense.

I do not take second place to anyone in advocating the need of student residences, for we do need them. Certainly also we need quarters for elderly people, and services for slum clearance and such like. However, I think such needs have to be met by measures that are specifically set up for them by arrangement between the federal and provincial Governments and with municipalities. I am all for it. If, however, by a change in the act Central Mortgage and Housing Corporation will be dispensing public money that cannot be expected to flow back, then it will become an entirely new type of organization with a new function.

Honourable senators, in spite of the good will I feel for, and the support which I would give to, many of the ideas put forward by the honourable junior senator from Winnipeg, I think it would be very detrimental to the successful functioning of Central Mortgage and Housing Corporation if it were to include such widespread projects as mentioned. Those projects call for an entirely separate organization and should be the subject of special legislation.

Hon. Wishart McL. Robertson: May I ask the honourable junior senator from Winnipeg (Hon. Mr. Wall) a question? In advocating that moneys be made available for dormitories, why does he not suggest that the universities apply to the provinces rather than to the federal Government? My impression is that the provinces today are in a much better financial position than the federal Government. I do not believe there is a single province that is not budgeting for a surplus next year, with no increase in taxation. Before we get through with this it may

become necessary to call a Dominion-Provincial conference at which the federal Government will be asking for financial assistance from the provinces.

Hon. David A. Croll: Honourable senators, I did not intend to get into this debate, but it took a new turn here today when the question of sufficiency or insufficiency of housing in Canada became an issue. I sent a note over to the sponsor of the bill asking him to give me the figures on the backlog of housing, and the kind of housing. He has not been able to get it, or at least I have not had an answer, so I will move adjournment of the debate.

Hon. Mr. Macdonald: Perhaps the honourable senator could get the information on third reading, or in committee.

Hon. Mr. Aseltine: Yes, in committee.

Hon. Mr. Croll: I know I can get the information in committee, and I know I can speak on third reading; but there comes a time when you want information you want it. There are officials of Central Mortgage and Housing Corporation sitting in the gallery, and if the sponsor had sent them a note they would have given the information in a second. I did not want to ask them for it, of course, because that is not my prerogative. I move adjournment of the debate.

Hon. Cyrille Vaillancourt: Honourable senators, if my honourable friend will permit me—

Hon. Mr. Croll: Certainly, but you had better move the adjournment of the debate.

Hon. Mr. Macdonald: The information may come in the meantime.

Hon. Mr. Croll: If it does, I shall have no objection.

Hon. Mr. Vaillancourt: Honourable senators, I have two reasons for rising to say a few words on this bill. The first is that the senator from Winnipeg South (Hon. Mr. Thorvaldson) explained some project in Winnipeg to build many houses, and so on. In Quebec we are not using money from Central Mortgage and Housing Corporation so largely as is done in the other provinces, because we have another plan to help the people. Last year our *Caisse Populaire* loaned more than $60 million for new housing. Secondly, the provincial Government paid 3 per cent to reduce the interest, because, especially at the beginning, when young couples build a house they require also some money for furniture and so on. The 3 per cent pays insurance, taxes, and many other things, and there is insurance on the life of the borrower. For the past 25 years this has been a good thing for the Government.

We have lent more than $1 billion, and we have not lost more than ⅛ of one per cent. The money has not been lent for the sole purpose of providing employment, it has been lent to help families establish themselves in their own homes. We realize that young married couples, with three or four children, are at a disadvantage if they live in a tenement house containing eight or ten dwellings, because sometimes it takes only one bad family to destroy the good standing of all the other families in a tenement, so we try to supply self-contained homes for individual families in open spaces. In doing that we provide, I think, a better social environment.

My honourable friend seems to have fears about the future. I am not afraid of what may happen. We are trying to develop these private organizations which will allow the family to work for its own betterment. As I have said, last year our organization lent more than $60 million for the building of some thousands of houses. These loans are made to the individual family heads. Many of these people now are working on their own houses, and in so doing they come to love their homes the better. They love their little pieces of land, no matter in what part of the country.

All this is of great benefit to the country as a whole, for it means better living for large numbers of families, a better environment for their children, and so on. In borrowing this money and lending it out to individuals this private organization is developing a social spirit among the people, for they are working to save themselves, and if each family can save itself the country will be saved.

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

Later:

Hon. Mr. Aseltine: Honourable senators, the honourable senator from Toronto-Spadina (Hon. Mr. Croll) has received the information he desired with respect to this bill and is quite willing to withdraw his motion to adjourn the debate. Therefore, it may be possible to give the second reading to the bill now so that it may be referred forthwith to the Standing Committee on Banking and Commerce. I would therefore move that we revert to the order for the second reading of Bill C-28, to amend the National Housing Act, 1954.

Hon. Mr. Macdonald: Agreed.

Motion agreed to.

The Hon. the Speaker: Honourable senators, the motion now before the house is for the second reading of Bill C-28, to amend the National Housing Act, 1954. Is it your pleasure to adopt the motion?

Hon. Senators: Carried.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Hon. Mr. Aseltine: Honourable senators, I move that the bill be referred to the Standing Committee on Banking and Commerce. In this connection I would like to announce that the chairman of this committee is ready to convene a meeting tomorrow morning at 10.30 o'clock for the purpose of considering this bill.

Motion agreed to.

CANADA SHIPPING BILL

THIRD READING

Hon. Mr. Aseltine moved the third reading of Bill S-3, to amend the Canada Shipping Act.

Hon. Donald Smith: Honourable senators, before the bill receives third reading I wish to make a few remarks. Let me say at the outset that I do not oppose third reading of the bill, because with my approval it was returned from the Standing Committee to the Senate in its present form.

The honourable senator from Ottawa West (Hon. Mr. Connolly) last evening explained its chief purpose and he put it better than I can when he said, as reported in *Hansard*, at page 266:

> Perhaps I should say that the revision of the act was required principally in anticipation of new developments in shipping which will take place in the Great Lakes-St. Lawrence Basin after the opening of navigation this year, because of the fact that the Seaway project is now in being and will then come into operation.

There is, however, one particular feature of the bill that is not related to the principal purpose of it, which I believe should be brought to the attention of the Senate, and I do this for the purpose of focusing our attention on international treaties and agreements which deal with present day marine problems.

Under the provisions of the Canada Shipping Act for many years various descriptions of ships, provided they were registered in any part of Her Majesty's dominions, were exempted from compulsory payment of pilotage dues. Included among these British ships were those employed in salvage operations, in coastal shipping, ships of not more than 250 tons registered tonnage and ships engaged in fishing, regardless of their size. All of these classes of ships could be exempted from payment of pilotage dues, provided they were registered in one of Her Majesty's dominions.

Now it has developed that the legal experts of the Department of External Affairs have been doing their homework very thoroughly, and in the course of doing that homework they discovered that such exemptions as I mentioned were discriminatory against ships of other than commonwealth countries, in violation of long-standing treaties with those nations. This phase of the situation was touched on by the honourable senator from Ottawa West last evening. Amendments to the Shipping Act were therefore, on the advice of the Department of External Affairs, included in the bill, which would, by their inclusion, enable Canada to honour these treaty obligations to the letter. Some of these treaties, dealing with navigation matters, are indeed of long standing, and it may be of some interest if I just referred to several of them. For example, various editions of the Treaty of Peace and Commerce between the United Kingdom and Sweden were signed in 1654, 1661, 1766; and two editions of the Treaty of Peace of Commerce between the United Kingdom and Denmark were signed in 1660, 1670.

I believe it is unnecessary for me to add that the obligations imposed by such treaties, as well as others that followed until Canada obtained the complete status of independent nationhood, were inherited from the mother Government of the United Kingdom.

Many other treaties were cited to the committee, with signature dates through the 19th century and into this century, the latest being a Convention of Commerce between Canada and Poland, signed in Ottawa, July 3, 1935.

It was also drawn to the attention of the committee that treaties of great importance have been entered into between Canada and the United States. These include the Ashburton-Webster Treaty of 1842, the Treaty of Washington of 1871, and the Boundary Waters Treaty of 1909, all dealing with equal freedom of navigation on international boundary waters. These are the treaties which have attracted my particular attention at this time.

As an example of the type of treaties these were I should like to quote in part article I of the Boundary Waters Treaty of January 11, 1909, which will give us a good idea of their nature. It reads:

> The High Contracting Parties agree that the navigation of all navigable boundary waters shall forever continue free and open for the purposes of commerce to the inhabitants and to the ships, vessels, and boats of both countries equally, subject, however, to any laws and regulations of either country within its own territory, not inconsistent

with such privilege of free navigation and applying equally and without discrimination to the inhabitants, ships, vessels, and boats of both countries.

I think it was because of this particular article that changes in the legislation were sought by the Department of External Affairs, although there were other treaties which I have mentioned and which had some bearing on the amendments sought by the bill.

With the development of the St. Lawrence Seaway the provisions of these treaties, and particularly the Boundary Waters Treaty of 1909 to which I have just referred, have assumed an increased measure of importance to both countries. In so far as the free access and navigation of boundary waters are concerned, both countries will continue to gain from the provisions of these treaties. It does seem, however, to be beyond the intentions of the provisions of these treaties that we now discover that we are compelled to alter our own shipping legislation to facilitate voyages to Canadian deep-sea ports of certain classes of United States ships, namely, United States ships employed in salvage operations, United States ships of not more than 250 tons, and United States fishing ships engaged in fishing, regardless of size. These ships can now be exempt, and will be exempt by our own statute, from the payment of compulsory pilotage dues.

As well, the bill extends this exemption to other foreign countries, even those which may be considered to be unfriendly nations. Under another section of the act the effect of this provision can be nullified by order in council, but the fact remains that this beneficial provision will become part of the Canadian shipping legislation. In doing so it does present an irritating reminder that while our Government appears to provide a benefit to United States vessels—the honourable senator from Ottawa West pointed out yesterday, there would be a liberalizing of the shipping facilities in the area—no reciprocal action is forthcoming from the United States regarding a solution of a problem of great importance to Canada's fishermen on the east coast.

It will be recalled that for many years the Canadian Government has been trying through direct representation to the United States and other countries, and through United Nations action, to extend the limits of our territorial waters for purpose of control of the fisheries, from three miles to 12 miles outside the headlands. The only action so far resulting has been a delaying action.

In order to assure the east coast fishermen that the Government is playing all the cards in the international game of negotiation, I wonder if this is not the time, when we are extending benefits, to remind our United States friends of the great benefits that have flowed, and continue to flow, to that nation from the fair and friendly way in which we entered into and have honoured agreements, whether they be historic or contemporary. Is this not the time, then, to press for a favourable solution to our important and serious problem of Canadian control of fisheries to a 12-mile limit?

Since the new Government took office, despite the pre-election prospects of a solution to this problem, there are signs of hopelessness in obtaining such a solution. Among the signs is a recent public expression that indicates that since the Americans appear to be firmly entrenched in their position of being able to fish up to three miles of the coastline, we might as well let our own draggers in on these grounds, an area from which large Canadian draggers have been banned by Canadian regulations. If such came to pass, and all the Canadian draggers were allowed on these grounds with those of foreign countries, and without restrictions of any kind, I believe the end of the small boat inshore fishermen would be in sight.

I am very well aware that this is an era of automation and mass production. I also know that orderly steps have been taken in these fields by the fishing industry, assisted in recent years, and in quite a large measure, by federal Government legislation. Any action, however, to improve the economics of the fishing industry, which in so doing may endanger the fish resources available to the small boat fishermen, would be unwise indeed. The result could be the final destruction of a way of life which has brought with it the satisfaction and happiness that is always associated with individual enterprise and ownership.

There is a danger that such steps leading to the abandonment of the small boat fishery will bring with it a system of "vertical integration", a term which may be new to the fishermen, but with which the farmers in certain sections of Canada have already had unfortunate experiences, experiences which would be equally unfortunate for the fishermen.

Canada should, therefore, continue to press our United States friends for a satisfactory solution of this international problem to which I have referred, in order that Canadian control and regulation of the fisheries of an extended territorial limit could result in an orderly eploitation of those resources beneficial to all.

With Canadian control and regulation of the fisheries within this extended area, the way would be open to allocate to the draggers only those areas where there would be a minimum of interference with the small boat fishery, thus allowing for a modern approach,

on a basis fair to all, to the exploitation and conservation of this valuable natural resource, of which we in the Atlantic provinces have comparatively few.

Hon. Stanley S. McKeen: Honourable senators, I did not intend to speak on this bill, but since the honourable senator from Queens-Shelburne (Hon. Mr. Smith) has brought up the question of the reciprocal arrangement between Canada and the United States and we feel we have to change our coastal laws to make sure that we are giving them a fair break, there is some information about coastal shipping between these two countries which I feel I should put on the record.

At the present time, according to the coastal laws, we have equal rights with their customs regulations, but they get around them in another way. In Canada an American vessel cannot go on the coasting trade; neither can a Canadian ship do coastal trading on the American coast. But an American company can come into Canada and form a Canadian company, wholly owned by Americans, and engage freely in coastal trading in Canada. On the other hand, if a Canadian goes into the United States and attempts to form a company there, he cannot have more than a 25 per cent interest in that shipping company; he cannot take any part in the management of it, and he may not be an officer or director of the company; he cannot make a loan to that company to have a greater beneficial interest in it than 25 per cent. In other words, such a company must be truly 75 per cent American owned. This is just a method of getting around the provisions for equal treatment as between Canadians and Americans.

The Americans go still further: in the case where goods are being carried from an American port say in Alaska to, for instance, Prince Rupert in Canada, a Canadian vessel is not allowed to handle that shipment, if its eventual destination is, say, New York or some other port in the United States. On the other hand, if a Canadian shipment goes through a port in the United States, the Americans insist that the movement between the American ports be by an American vessel, or, if by a Canadian vessel, it must discharge in a Canadian port and reload the cargo on to another vessel before being taken into an American port.

I believe this question has been under discussion with the State Department of the United States for many years, but so far no action has been taken. As the honourable senator from Queens-Shelburne has said, this is one of the things that should be taken up at a time when the Americans are getting some benefits from Canada.

Hon. Mr. Pratt: May I ask the honourable senator whether the law which prevents a Canadian company from operating in the United States unless it has 75 per cent American ownership is a state law or a federal law?

Hon. Mr. McKeen: It is the Jones Act, a federal law.

Hon. John J. Kinley: Honourable senators, when this bill was before us for second reading, I was the only one, except the honourable senator who introduced it, to speak on it. Since then we had a very interesting time studying the bill in committee. It created a great deal of interest; pilots came from all over the country, and ship owners appeared before the committee, and as my friend the honourable senator from Ottawa West (Hon. Mr. Connolly) has said, the lawyers had a good time analysing the fine points.

There are two parts to the bill. One has to do with negotiations and arrangements for the purpose of operation in the St. Lawrence waterway when it is completed. I thought the matter had been arranged reasonably; in fact we were, with the exception of one or two amendments, unanimous on all points. The bill provides for a degree of reciprocity for pilots, and reciprocity we must have if we are to operate successfully on the St. Lawrence waterway. But, as was pointed out by the honourable senator from Queens-Shelburne (Hon. Mr. Smith), and the honourable senator from Vancouver (Hon. Mr. McKeen), some sections relating to operations on the coast disturbed some of us on the committee.

Section 9 is the principal clause. It sets out certain exemptions in connection with pilotage dues for ships entering and leaving Canadian ports. As the act stands, the reference is simply to "British" ships, which term includes Canadian ships. As amended, the expression is "ships", which naturally includes all ships. That is a substantive section, and I as a layman would expect to find in it the law in all its clarity, so that when you read it you would know what the enactment pertaining to pilotage exemptions is. But we found, after some consideration, that to know what ships are exempt one had to look at another section, which stated that Canadian and British ships would be exempt. This caused some confusion, and brought to my mind the thought; why not restrict the exemption to Canadian ships? It is our coastal trade. It is as much a Canadian industry as is Eaton's or Simpson's or any Canadian factory. The coasting trade of Canada, I claim, has always belonged and should still belong to Canadians. But with the passing of the Statute of Westminster we consented

to the passing of the Commonwealth Merchant Shipping Agreement, which gave equal rights to ships from all parts of the commonwealth.

Another point which has troubled me is that, notwithstanding this act, the Governor in Council may do almost anything he likes so far as arrangement for pilotage is concerned. I do not like that provision, because it seems to me that it disturbs the stability of the industry. You cannot run a business if you do not know what may be done to it the next day, and here we have a situation which is subject to order in council and can be changed at any time. The world is going ahead; a statute may prove too static to meet certain emergencies, so some flexibility may be necessary. But one must bear in mind that, if the Governor in Council permits ships from other nations to be exempted from pilotage dues, it is the Canadian merchant marine that will lose this preference.

It was mentioned that about 20 treaties relating to pilotage were made in days gone by. We trafficked with the rights of Canadian seamen and our Canadian merchant marine by making trade agreements for the benefit of interests abroad. In order to sell more goods to other countries, certain interests were willing that the ships of those countries should carry our goods overseas. That might be a good thing, but if so, it represents a national policy which the Government and the people of Canada should pay for. All the costs should not be borne by the Maritime provinces, which are mainly interested in their merchant marine. It is now provided that, in the lake waters, which are landlocked and protected, our lake ships will be subject to outside competition in the future; so then we will have more friends for the merchant marine.

As to two clauses at the end of the bill, we were told they were necessary—although clarification can only be had by referring from one to the other—for the purpose of preventing flag discrimination. I do not know what flag discrimination has to do with the Canadian fleet, because the Canadian fleet has practically disappeared. I am not speaking in this connection about the present Government, because other Governments over the years have taken the same line. However, it seems that we have at least saved the flag, that is the flag of the Canadian merchant marine; and I am glad that it has an honoured place today. It flies on the Peace Tower. The Premier of Ontario has raised it over the provincial institutions at Queen's Park. We in the Maritimes like it, because we have been familiar with it for so many years. It flies on our ships at sea; we fly it on land. It always signalled to us that our friends were coming home from sea. It carried us to foreign lands in the days when the Maritime Provinces were great upon the sea. So we are happy to know that it has its place, by order in council of the federal Government, over the Parliament Buildings here, and it looks as though it will remain for some time, because I noticed that the other day the Canadian Legion authorized the flying of the Red Ensign as their flag instead of the Union Jack.

When I came into the chamber this afternoon I did not intend to speak on this subject, but I do so because I have a proposal to make. We know that we are dealing with countries in Europe which have a merchant marine and whose standard of living is lower than ours. Our friends talk of free trade. I have heard a lot said about it here, along the lines of opening up to us the European area so that Canadians may share in that market. I have not given this question much thought, but to my mind we on this continent should have some degree of free trade with our next neighbour. Now would be the opportune time to propose reciprocity with the United States in the coastal trade of this continent. I say this because of the moving appeal made last night by my friend the honourable senator from Halifax North (Hon. Mr. Connolly) when he asked that more consideration be given to the Maritime provinces, especially since the ports of St. John's and Halifax are in commercial peril as a result of the opening of the St. Lawrence Seaway. I hate to think this is true, and I still have some doubts about it. In the east part of Canada the Atlantic provinces stick out like a wedge into the ocean, and the coastal trade would move from Florida to the Great Lakes, circling around Nova Scotia in order to get into the St. Lawrence River.

Hon. Mr. Pearson: May I interrupt the honourable senator to ask him whether he is speaking on Bill S-3, to amend the Canada Shipping Act?

Hon. Mr. Kinley: Yes, but I am asking for a little latitude in view of the speech made by the honourable senator from Halifax North last night. The point is that a reciprocal agreement with United States on coastal shipping would result in Nova Scotia and Newfoundland becoming rendezvous for American coastal shipping. I believe it would also stimulate the Canadian shipping trade. The long trade route from the Gulf of Mexico up through the St. Lawrence to the head of Lake Superior would facilitate a shipping trade which the men of Nova Scotia would be eminently fitted to share in and carry on.

We have been told that Canada cannot have a successful merchant navy because of our high labour costs. Well, it is a fact that we do pay higher wages to seamen than do such countries as England and Greece, but I contend that the men who work upon the sea should receive wages equal to those received by men who work upon the land. It would not be difficult to get Canadian men to work upon the sea if this were so. Seamen work an eight-hour day. They stand by for 16 hours and the nature of their employment keeps them away from their families for long periods of time. They are skilled workmen, and what skilled workman in Canada works for less than $1 an hour? Wages paid to Canadian seamen are not excessive when one considers the economy of Canada.

Canada is a country which follows protectionist policies. Every industry except the shipping industry is protected by tariffs, and so on, but our merchant marine must compete on the world market with countries having a much lower standard of living than our own. I would ask the honourable Leader of the Government in this chamber (Hon. Mr. Aseltine) to bring to the attention of his associates the fact that many people in Canada feel we should have a reciprocal coastal trade agreement with the United States.

Hon. Mr. Aseltine: I will do that.

Hon. Mr. Kinley: The United States is the only country in the world with a high standard of living like our own. We are closely associated and must deal with that country on the St. Lawrence River. The ship owners of Canada and the United States have united in declaring that the shipping trade on the St. Lawrence Seaway should be restricted to Canadians and Americans. I am not going to embark upon a discussion of that subject now, but I do say the moment is opportune to have a reciprocal agreement in coastal trade with the United States. The honourable senator from Halifax North made a fervent appeal to us last night not to betray the Maritime provinces or leave them alone, and a reciprocal coastal trade agreement with the United States would certainly benefit the Maritime provinces.

Motion agreed to and bill read third time and passed.

INFLATION

MOTION TO AUTHORIZE FINANCE COMMITTEE TO MAKE STUDY

On the order for resuming the adjourned debate on the motion of Hon. Mr. Wall:

That the Standing Committee on Finance be instructed to study the threat of inflation in Canada;

That the committee have the authority to send for persons, papers and records, and to report from time to time.

Hon. Mr. Macdonald: Honourable senators, it is getting quite late and as the presentation of a portrait to the Right Honourable Louis S. St. Laurent is to take place at six o'clock perhaps the honourable Leader of the Government (Hon. Mr. Aseltine) might consider this an opportune time to move adjournment of the house.

Hon. Mr. Aseltine: Is it the wish of the house to postpone the remaining items on the Order Paper until tomorrow afternoon?

Hon. Mr. Macdonald: On the understanding that these items will stand on the Order Paper in the same order as they now appear.

Hon. Mr. Aseltine: Yes.

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, March 5, 1959

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

Prayers.

TRANS-CANADA HIGHWAY BILL

FIRST READING

A message was received from the House of Commons with Bill C-29, to amend the Trans-Canada Highway Act.

Bill read first time.

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

Hon. Mr. Aseltine: With leave of the Senate, next sitting.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following document:

Report of the Dominion Bureau of Statistics for the fiscal year ended March 31, 1958. (English text).

Hon. W. Ross Macdonald: Is it the intention of the honourable Leader of the Government (Hon. Mr. Aseltine) to lay on the table the report entitled "Economic Security for the United States and Canada", by Professor Clark? I understand that the report was tabled in the House of Commons this afternoon, and I think it is just as important that it should be tabled here.

Hon. W. M. Aseltine: I have not received it yet. I will table it as soon as it arrives.

Hon. Mr. Macdonald: Will the honourable Leader make inquiries after the house rises, in an endeavour to have it tabled at the next sitting?

Hon. Mr. Aseltine: Yes.

Later:

Hon. Mr. Aseltine: Honourable senators, the report referred to earlier in the afternoon by the honourable Leader of the Opposition (Hon. Mr. Macdonald) came to me a little later on and I am now tabling it. The title of the document is as follows:

Report on Economic Security for the Aged in the United States and Canada by Robert M. Clark, dated February 17, 1959, volumes 1 and 2. (English text).

NATIONAL HOUSING BILL

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the Committee on Bill C-28, to amend the National Housing Act, 1954.

The report was read by the Clerk Assistant as follows:

Your committee recommend that authority be granted for the printing of 800 copies in English and 200 copies in French of their proceedings on the said bill.

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

Hon. Mr. Hayden: With leave of the Senate, I move that the report be adopted.

Motion agreed to.

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill C-28, to amend the National Housing Act, 1954.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-28) intituled: "An Act to amend the National Housing Act, 1954", have in obedience to the order of reference of March 4, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon. Mr. Aseltine: Next sitting.

CANADIAN GRAPHIC ART EXHIBITION IN YUGOSLAVIA

NOTICE OF INQUIRY

Hon. Jean-François Pouliot: Honourable senators, I have received a communication from a friend who is touring Europe at the present time, and I am making an inquiry based on his letter. The inquiry is as follows:

1. Is it a fact that 57 works of Canadian graphic art are being exhibited on a three-month tour of Yugoslavia's main cities?

2. Do they belong to a private collection or to a branch of the Government of Canada?

3. In the latter case, (a) What is the subject-matter of each work? (b) Who did it? (c) If those works are exhibited for sale, what is the price, and to whom shall it be paid?

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, I move, with leave, that when the Senate adjourns today it stand adjourned until Monday next, March 9, 1959, at 8 o'clock in the evening.

Motion agreed to.

PUBLIC LANDS GRANTS BILL

THIRD READING

Hon. Mr. Aseltine moved the third reading of Bill S-2, to amend the Public Lands Grants Act.

Motion agreed to and bill read third time and passed.

INFLATION

MOTION TO INSTRUCT FINANCE COMMITTEE TO MAKE STUDY—DEBATE CONTINUED

The Senate resumed from Tuesday, March 3, the adjourned debate on the motion of Hon. Mr. Wall:

That the Standing Committee on Finance be instructed to study the threat of inflation in Canada;

That the committee have the authority to send for persons, papers and records, and to report from time to time.

Hon. Salter A. Hayden: Honourable senators, I do not propose to speak at any length. I haste to make that statement in the beginning, because while this is a very important subject I expect that at some stage in the proceedings the resolution will be carried and that an extensive study of the subject will be made by the Finance Committee. If I were going to discuss the subject-matter of inflation in any particular way I would prefer to do so after we have had the benefit of whatever evidence may be developed before the committee and when we have the committee's report before us. Having regard to the nature of this subject-matter and how it cuts across the lives of the people in Canada and—judging from some of the things that have already been said in this house—may even cut across political viewpoints, I would conclude that when the report stage is reached there will be plenty of discussion, and I hope it would be possible to deal with the matter more intelligently at that time.

But there are a few things that I want to say today in a general sort of way. First, I want to commend the mover of the resolution (Hon. Mr. Wall) for the well documented statement which he delivered to us on this subject and for the restrained tone of his address. Of course, so far as the seconder (Hon. Mr. Leonard) is concerned, past experience has led me to expect that in any presentation he makes he will be concise and thorough, and I need only say that he did not disappoint me in supporting the resolution.

Then I come to the next speaker, my friend the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson). While I cannot make a sweeping commendation of what he said, I certainly can say that he made two things abundantly clear: (1), that he was opposed to the resolution; (2), that he thought the Senate should not touch or even come near or approach, let alone think about, this subject of inflation because it was over and above and beyond the sphere of the Senate.

Hon. Mr. Thorvaldson: That is not right. I made a reservation as to that in my speech.

Hon. Mr. Hayden: I will come to the reservation. I think the reservation is like the fine print in contracts.

Hon. Mr. Brunt: Still, it should be read.

Hon. Mr. Hayden: And unless you read very closely and listened with your ear phones plugged in you might have missed the reservation. However, we will come to that. I will give my friend full credit marks whereever they come in the course of my remarks. As he was speaking it occurred to me that rather quickly he was doing the best he could to circumscribe the scope of the work of the Senate. I remember that on one occasion last session when we were considering a Government bill he laid down what I might call rule No. 1, which was that we should not pass certain amendments to the bill because they were not acceptable to the Government. I find that rule difficult to swallow. Now we have a further rule laid down by my friend, which is that the Senate should not consider any subject-matter other than a specific piece of legislation or a well-defined problem of Government. There are two ways of looking at that. First, I disagree completely with his suggestion that the scope of the Senate in considering any question is limited at all. But as to specific pieces of legislation, I agree that it is part of our duty to consider them, for specific pieces of legislation cannot become law unless we consider them, approve of them and pass them. Secondly, as to a well defined problem of Government—well, I think my friend meant a little more than that, because I could not imagine any problem of Government at the present time that would outweigh in importance the problem of inflation. What the significance was in my friend's use of the words "well defined problem of Government" I have difficulty in understanding, unless he meant some particular problem which the Government asks us to inquire into. I rather lean to the conclusion that that was the view he was attempting to present. So, that is his rule No. 2 on the limitations of the scope of the Senate.

My view is, and I am sure it is the view of the majority of senators, that there is no limitation upon the scope of our authority to study any problem relating to Canadian or international affairs. There is no limit on

our right, and there should not be on our responsibility, to study important questions of the day so as to develop some body of informed opinion on the subject. When my friend suggests these limitations, and urges as a reason why we should not consider this question of inflation that it does not come within the category of being a specific piece of legislation or a well defined Government problem, it is simply a matter of writing a rule to suit the occasion. I think my friend reached his conclusion first and developed his reasons for that conclusion afterwards, doing the best he could with the available material which might be given the title of reasons.

Hon. Mr. Brunt: That is the way judges write their judgments: they give a judgment and then give the reasons for it.

Hon. Mr. Hayden: I have never been close enough to judges to know how they write their judgments. I would like to know a little more about it, and if my friend can assure me that his view as expressed is an informed view I would like to sit down and talk to him.

Hon. Mr. Brunt: I gathered that view from reading the law reports.

Hon. Mr. Hayden: Sometimes I wonder how judges come to write the judgments or the reasons they do.

However, to get back to the subject: my friend urged two reasons why the Senate should not deal with the question of inflation. First, he said inflation is a matter of policy, and the Government of Canada is the only body that should be concerned with this matter of policy. Well, if that is my friend's view, then I say we are excluding ourselves from practically every item that comes under the heading of Government business, because the Government must formulate policy in relation to every item in the administration of the affairs of the country. That applies in the case of national defence, taxation and fiscal policy. My friend is saying that because Government policy is involved here we must not look at inflation. By doing so he is reducing the Senate to even something less than an ordinary debating society—possibly down to the status of an ordinary church social gathering.

I am not prepared to subscribe to that view at all. I would point out to my friend by way of illustration the National Housing Bill, which we had before this house yesterday and today. I would remind him that last year a committee of the Senate examined the report of Central Mortgage and Housing Corporation, made a very thorough study of the housing situation, and presented a report to this house. Now we find in amending legislation before us that many of the recommendations made by the Senate committee have been adopted. There must have been some merit in those recommendations or the Government would not have accepted them.

I say when you attempt to put the right of the Senate to consider any question on the basis of the fact that Government policy is involved, you shut the Senate out from considering everything except the weather and a few exchanges of a social nature.

In proposing a study of inflation by a committee we are not seeking the role which my friend suggests we are, that of advisers to the Government. I should think the Government has many advisers now—maybe too many, I don't know—and all I can say is that if we consider this question and present a report on it, and there is some value in the report, I hope it will be recognized, whether the Government feels that it weakens its position in regarding us as a body of advisers or not.

On a question of this kind, as on any other question with which the Government is concerned, I feel that opinion should be solicited wherever it may be gathered, with a view to getting a complete assessment of opinion on the question. That is the ordinary way in which these things are done.

Now we are told in this instance that the Senate is the one place that must not, through its committee, consider the question of inflation. The proposed reference to the committee is a very simple one: it is to study the threat of inflation in Canada. Now I know that inflation is an element which the Government should—and, I expect, would—take into consideration when it is considering matters of fiscal policy, taxation and monetary questions. But to say that inflation itself is Government policy is rather astounding to me, because I would have thought no Government would want to adopt inflation as a matter of Government policy.

Hon. Mr. Thorvaldson: That is not correct.

Hon. Mr. Hayden: Strangely enough, bankers can talk and write about this subject, labour leaders can speak and write about it, industrial leaders can discuss the aspects of it, welfare organizations can study it and submit briefs to the Government, economists and financial editors can talk and write about it; but the one place where it must be taboo, according to my friend, is here in the Senate. Well, I am sure senators also can talk about inflation, and can bring

to bear on it at least as much intelligence as can any of the other groups I have enumerated.

My friend raised a question as to where the witnesses were to come from, as though there were not witnesses standing all round Canada and elsewhere just waiting for an opportunity to get into the limelight and expound their economic theories and principles. My own view is that the problem would not be to find witnesses, but to sift them to make sure that we heard only the good ones and did not waste our time. I see no great difficulty in obtaining witnesses. My friend is concerned because we might call departmental officers and officials of the Bank of Canada while they are working on budgetary matters. He fears that in this event some embarrassment might develop and the Government might instruct them not to appear. To me, there is no such difficulty at all. If I were permitted to suggest an order of procedure, the last witnesses I would call would be Government officers and officials of the Bank of Canada. I would first like to gather as far as possible a reflection of opinion on inflation from all these other organizations and people I mentioned, and learn what ideas they have about it, to the extent to which they see it in their operations. Having got all that background material I would then sit down with Government officers and officials of the Bank of Canada and ask them to comment upon the situation. I see no embarrassment to the Government, except the embarrassment my friend suggests might happen. Indeed, I should think such an inquiry would be welcome.

With respect to getting permission to hold such an inquiry, I recall that some years ago we set up a special committee of the Senate to study income tax law in Canada. We did not go to the Government and say, "Please, may we do this?" We set up a committee, we summoned officials, we sat during two sessions of Parliament, and we prepared a report. I believe that if you examine some of the provisions of the income tax law—I will not say all of them, because I would not have it said that our committee made recommendations which led to some of the things in the present act—you will agree that beneficial provisions of the present law were recommended by the Senate and incorporated in the statute. I recall also that some years ago, when our party was sitting in the seats of the mighty at present occupied by my friend and his associates, although they are a minority in this chamber—

Hon. Mr. Pearson: No chance for it to grow?

Hon. Mr. Hayden: I would say that for a while there is a better chance for it to grow than for us on this side to grow. The advantages are with my honourable friends; I do not need to argue that point. I was about to say that some year ago, when the topic under discussion was gold mining and the policy in relation to it in Canada, our side did not need permission to consider it. A resolution to appoint a committee on the subject was introduced in the Senate and passed. The committee then sat, heard a number of witnesses, and prepared a report, which was presented to this house. I do not attempt to correlate the committee's conclusions with the fact that the Emergency Gold Mining Assistance Act was subsequently passed, but the report pointed out the difficulties of the problem, and I am sure that at some stage or other the Government felt grateful to the Senate for what it did. There was no suggestion that in so doing the Senate interfered with fiscal or taxation policy or monetary problems. The principle is an entirely different one.

We are not trying to formulate any policy; all we wish to do is to inquire into the threat of inflation in Canada. That is the proposal, and nothing but good can come out of it, because the more light that is thrown upon a question of this kind, the more you produce, through the length and breadth of the land, understanding of the problem and how it affects every phase of life in Canada, the more the Government will profit in dealing with the problem and the more readily will the public accept anything that may be done to control the situation. So it seems to me that the Government should look with favour upon the projected appointment by the Senate of a committee with instructions from this house to study the question, and I am sure that it will be properly considered, notwithstanding the assertion of my friend that we are thereby encroaching upon the functions of the Government and embarassing it. To my mind that is an idle and completely unfounded statement.

In effect, my friend's contention is that inflation is an element entering into the consideration of the Government in connection with fiscal matters, and fiscal matters pertain to Government policy, therefore inflation is a matter of Government policy. Well, that is a strange kind of syllogistic argument. It might as well be assumed that, because I have two arms, and arms are instruments of war, my arms are instruments of war. Syllogisms can be reduced to an absurdity. There is a complete *non sequitur* in my friend's assumption that, because inflation relates to monetary matters, and because in its policies and legislation the Government deals with fiscal and monetary matters, inflation itself is part of policy.

Inflation is an element or a disease which from time to time engrafts itself upon our financial structure as a result of our doing things we should not do or our refraining from doing things we should do. To say that, by issuing a warning against something which has engrafted itself on our financial structure, and having the Senate consider this danger and counsel the Government in its financial legislation to proceed on a basis which will restrict or destroy that condition, we are encroaching on Government policy, is in my submission ridiculous. Indeed, we are doing no such thing. We want to offer our contribution through the best study we can make of the subject. The Government would be under no obligation to accept our conclusions. I am sure that, if the Senate sets itself to make a report, instead of such utterances on this subject as have been heard—for instance, from some labour leaders, that if they had to choose between inflation and unemployment they would accept inflation to maintain employment; and extreme statements in the contrary sense—there can be produced a more temperate, reasonable and rational report than has emanated from any of the sources from which up to the present we have heard views on inflation. My honourable friend seemed to think that because the subject is a complex one and disagreements will arise, it is a waste of time to explore it. I would answer that objection by saying that if there were no disagreements, no differing viewpoints as to how to approach the problem, there would be no need to consider it. I would say that if there are complex arguments and differences of opinion it is about time we got down to a basis where we can give intelligent consideration to the problem.

My friend says, in effect, that to do this would be an exercise in futility and a waste of time. He is entitled to his view, and I to mine. He has said that the only body which could properly consider this matter is the House of Commons. I warn my friend that this subject was considered by a committee approved by the House of Commons when the price spreads inquiry was set up by a Conservative Government, in 1934—and look what happened to the Government when the committee's report went out. So if such is to be the fate of Governments that deal with problems relating to financial policy through a committee of the other house, it may be better for the Government to have this subject of inflation examined in somebody else's backyard. Therefore the resolution should make my friend happy.

I was amazed at my friend's statement that it was not proper for us to consider this question because, as, he said, we have never done so before. I would hate ever to get into a condition where I could not try something new; I would then be getting really old. But to assert that such action would be improper is equivalent to denying to the Senate the discharge of the responsibilities it enjoys; it is tantamount to demanding a renunciation of our independence. In the ultimate result it would be an abrogation of the functions, duties and rights of the Senate. Government policies can never be sanctioned by way of legislation without the co-operation and support of this house. That is just how important is the position of the Senate.

My friend did not like the witnesses that might be available so I managed to pick one or two he might approve of. He implied that bankers and institutional leaders might be biased witnesses. Fortunately I just read a newspaper report of a recent speech by the chairman of the Hydro-Electric Power Commission of Ontario, Mr. James S. Duncan. Incidentally, I doubt very much that my friend would use the term "biased witness" in referring to Mr. Duncan. At any rate, Mr. Duncan was addressing the annual convention of the Ontario Good Roads Association, at Toronto, and he made this statement:

> In national affairs, the problem that dwarfs all others is inflation.

Speaking about the Canadian way of life, he said:

> That way of life can only be preserved by a burning faith and willingness to preserve and defend it.

He is also reported to have said:

> The Canadian way of life was being menaced by inflation.

I am not sure that my friend would agree with the solutions Mr. Duncan mentions for dealing with the problem, and I would think that our Senate committee might go a little further. Mr. Duncan said that the means for dealing with inflation are available to every person, and he suggested:

> Let us read some of the good editorials instead of devoting so much time to the funnies.

He also said:

> Let us watch fewer TV westerns and more of the excellent discussion panels.

I am not taking Mr. Duncan as meaning that inflation would end if we were to reduce our consumption of TV westerns and our reading of the funnies, but what I have just read does indicate that the chairman of a great public utility in Ontario, who does not come in the category of bankers or institutional leaders in the sense in which my honourable friend used the term, is very much concerned about the menace of inflation. He feels we should be working harder toward achieving a solution to this problem.

Perhaps my honourable friend might find the Montreal *Gazette* more acceptable for daily reading than some other Canadian newspapers, so I can tell him that on March 4 the financial editor of the *Gazette*, Mr. John Meyer, had a few things to write about the seriousness of inflation. He said:

> Inflation will be contained only when there is leadership in that direction. There is only one agency of leadership and that is the Government. Only the Government has the means to adopt an anti-inflation policy, and make it stick.

In the course of this editorial the writer goes on to give a quotation from the *Economist*, as follows:

> The proposition that inflation is inevitable is not an acknowledgement of economic determinism, but a political judgment that the will to control it had disappeared.

Honourable senators, dealing briefly with inflation, I believe every person who considers the question at all realizes that inflation is with us and that it is a serious and menacing thing in so far as Canada is concerned. In his speech my friend referred to "creeping inflation" and rather suggested that a little bit of inflation—which would come within the description of "creeping inflation"—would be all right and we could get along with it. But the fact that "creeping inflation" can very quickly become "galloping inflation" is the real essence of the problem. My honourable friend referred to a Professor Slichter of Harvard University, and he has argued himself into the position that a little inflation is not a bad thing. He started out by arguing that because labour unions are so powerful in the United States they will keep on demanding rounds and rounds of wage increases, with the result that you have inflation whether you will it or not. He said that since there did not seem to be any authority that would stand up against the continual rounds of inflation in the United States, you just had to live with the situation.

Hon. Mr. Thorvaldson: May I interrupt to ask the honourable senator a question? Is he suggesting that I gave Professor Slichter's views as my views? If so, he is not right. If he examines my speech he will see that I did not say I agreed with Professor Slichter's theories. I merely gave them to the house.

Hon. Mr. Hayden: I was not quoting what my friend from Winnipeg South said in his speech. I was merely explaining how Professor Slichter arrived at the conclusion that a little bit of creeping inflation was all right. I was not attributing that to my honourable friend from Winnipeg South. However, since my friend has given us Professor Slichter's opinion, I suggest that if he would look at some answering statements made by Dr. Marcus Nadler of New York University and Dean G. Roland Collins of the same university, he would see that they present the other side of the picture in a very forceful way. The conclusion they arrived at was that the way to stop a future depression is to prevent the inflationary boom that precedes it.

I do not intend to argue the pros and cons of inflation, for that is the very subject-matter which the mover and seconder of this motion wish to have referred to committee. I merely wish to direct the attention of the Senate to the fact that inflation is with us and it is a serious problem. How serious a problem it is I am not in a position to estimate, although I have my own views. I feel it has reached proportions where it should engage the attention of the Government. I must conclude it has engaged the attention of the Government, because my friend suggested as a reason for our not dealing with the subject the fact that it involves Government policy and he said that we should not interfere in anything the Government may propose to do about it. Therefore, my friend and I finally get onto common ground, that the problem of inflation is serious enough to have engaged the attention of the Government. Where we disagree is on the question of whether the Senate should have a look at the problem. We really disagree badly here, for I cannot conceive a better place than a Senate committee where a full, fair and impartial consideration and study could be made of this problem and its ramifications, and where some steps might be determined for correcting and lessening its seriousness. I say with all humility that the Senate has the necessary intelligence and ability to consider this question. We are not motivated by the self-interest that some groups might have in presenting their viewpoints on inflation. I am sure we have enough intelligence to sift through the statements and evidence presented to us and to determine what are the realities and what is simply froth and an expression activated by personal interest or the desire to support one's own side of the case. We are in an excellent, independent position to consider and weigh all those things and prepare a report that might add something to the general knowledge on inflation.

Honourable senators, I said that I would not speak at length, and if I do not sit down very soon I shall violate the instruction which I imposed upon myself. However, I want to say one or two other things, and I will say them briefly.

In anything I have said, I am sure my friend will appreciate that I was addressing it to what he said, and not to him personally.

I respect him too highly to get off the rails to the extent of attempting to address my remarks to him rather than to what he said. When I remarked that my friend said this or that I referred to the gentleman from Winnipeg South (Hon. Mr. Thorvaldson) who stood up in his place and voiced certain opinions and gave his reasons for them; and I was endeavouring in the best way I could to tell him, for his own future benefit, and perhaps for his education, that I did not think his reasons support the opinions and conclusions which he stated so forcefully. I have tried to point out why I think they don't. I have also tried to make an impartial rationalization, without developing fits of temper or flights of oratory.

In a very summary way I say this, that when any person states in my presence, or within my hearing or reading, that the Senate of Canada must accept limitations on its capacity in matters of this kind I am going to object, and as strongly as I can, because in such matters the Senate of Canada has no limitation on its capacity, other than any limitation which it might decide to impose upon itself. We certainly have the capacity to make a study of this problem of inflation, and I think we would be failing in our duty if we did not do so. There is no conflict between our approach and consideration of this question at this level and anything that the Government might be considering on the way to a determination of what its fiscal policy shall be, what its budgetary requirements are going to be, or what measures and methods of taxation shall be imposed in the current year for the purpose of restraining or containing inflation. Those are matters that concern the Government. As and when they get to the stage of legislation we shall consider them as legislation, and we shall be in a better position to consider them more intelligently if we seek to inform and educate ourselves as broadly as possible on this subject.

Hon. T. A. Crerar: Honourable senators, we have heard some excellent speeches in the debate on this motion. The mover (Hon. Mr. Wall), a colleague of mine from Winnipeg, evidently devoted a great deal of study to the motion he put before us, and of course it was to be expected that the seconder (Hon. Mr. Leonard) would make a worthy contribution. While I am bound to say that I did not agree with the speech of the senator from Winnipeg South (Hon. Mr. Thorvaldson), nevertheless, he delivered a very interesting speech, although not to my way of thinking a very convincing one, as I shall presently attempt to show—if that has not already been demonstrated by my honourable friend from Toronto (Hon. Mr. Hayden).

Honourable senators, we ask ourselves. What is inflation? I think it is impossible to find a clear definition. We know the effect of it. This is a case where doctors differ. I think probably that from a dozen economists who are supposed to be informed upon these matters you would probably obtain a dozen conflicting opinions. However, we do know that inflation produces certain inevitable results, and it is with those results that I feel we should be very much concerned.

Let me say a word on the point of the right or propriety of the Senate to inquire into a matter of this kind. I agree wholly with the remarks of my honourable friend from Toronto that there is no limitation on the power of the Senate and the right of the Senate, if it chooses to exercise it, to inquire into any matter of public concern.

It might be interesting to the house to take a brief review of the progress of inflation in this country—because we do have it, let us be clear upon that. Before World War I, prices, or the cost of living, remained fairly stable. It is true that prices had their ups and downs. But war always generates inflation, that is, generates a rise in the price level, and I think the reasons for that are quite easily understood.

We come, then, to World War II. By the late thirties we had reached a fairly stable price level. With the outbreak of World War II, however, these inflationary forces commenced again to operate, and for the same reason that they operate every time a war breaks out. My honourable friend from Winnipeg South gave the increase in the price levels commencing with 1939, if I recall correctly, but I think he related those to the new index that was devised and accepted in 1949. As a matter of fact, between the outbreak of war in September 1939 and November 1941 the cost of living index, as it was then called, rose by 19 points. That fact gave the Government a very great deal of concern. I happen to know this because I was a member of the Government at the time. It was the concern over this increase and the possibility of other rapid increases in the cost of living index that led to the establishment of the Wartime Prices and Trade Board. Those who recall those days will remember that the board was given very sweeping powers. There was, in fact, nothing in Canada of any consequence that was not put under controls—wages, salaries, prices of commodities, all were frozen at the certain level on the day in November when that control measure came into effect. Now that continued until the conclusion of the war, and

during that period of four years our price level remained steady. It remained steady because it was under definite and stringent control.

We could have maintained that position after the war if we had maintained the controls, but they irked people who were accustomed to freedom, and consequently after the war there was a mounting resistance to the continuation of the controls.

Here it is interesting to draw a comparison. In a country like Russia, for instance, where the central governing power has absolute authority in every field of activity, authorities can hold their people down, they can determine wages, salaries, prices, and everything else. That, honourable senators, is one of the differences between an authoritarian state and a free democracy.

The Wartime Prices and Trade Board regulations were rescinded in 1946, but the Government was given certain other emergency powers, not over prices but over things like exchange, for instance, and they continued in effect for a few years longer. In 1946 the consumers' price index, as we know it now, was at 75.0, and that rose by steady progression until 1948. In 1949 it was 100.0.

There is no disputing the fact that a certain amount of inflation was permitted from 1945 to 1949. How far that was justified I will not attempt to say, but the next boost in the cost of living index came with the outbreak of the Korean War, when again we had wartime conditions that promote inflationary pressures. I was not in the Government at that time and consequently I do not know what discussion, if any, took place as to control of prices resulting from the outbreak of the Korean War; but there is no doubt of the results. In 1950 the index stood at 102.9, so in the preceding year it had gone up a little over two points. In 1951, however, it had increased to 113.7, and the following year, when we were still feeling the effect of the Korean War, it increased to 116.5. After that it remained fairly stable. In fact, it declined a little in 1954, when it stood at 116.2. That figure continued into 1955.

But in 1956 we were again entering a period of booming economy, which was apparent all over the country. That year the index rose to 118.1. In 1957 the boom continued, and the index stood at 121.9.

Hon. Mr. Haig: May I ask the honourable gentleman a question? I understood the cost of living index in 1949 stood at 190.0 and that the Government brought it back to a new base of 100.0. Since then it has climbed to the figures you mentioned.

Hon. Mr. Crerar: In 1957 it had increased to 121.9.

Now here we are entering a field of controversy. We know that two years ago at this very time there was a great deal of discussion about rising unemployment and the need for doing something about it. But the inflationary pressures were still active. The Finance Minister at that time, the Honourable Mr. Harris, believing this to be the fact, budgeted for a surplus and refused to reduce taxes against a mounting demand that they should be reduced. For what reason? For the very reason that he and his advisors felt that these inflationary pressures were still dangerous to the economy and if possible they were going to check them. They checked them by a rise in the interest rates, which brought a great deal of criticism, and by budgeting for a surplus. I did not always agree with the Honourable Walter Harris, but I do say this, and I have said it before in this house, that his budget in 1957 was one of the most courageous budgets that have ever been brought down in Canada, and that on the eve of an election and in the face of heavy criticism throughout the country.

The new Government came in, and it raised old age pensions to $55 a month. I am not criticizing the Government. As a matter of fact, as I said once before in this house, if pensions had been raised to $48 a month they would have balanced within a fine fraction of a point the increase in the cost of living that had taken place between 1951 and 1957. But there was a feeling that we had to deal with unemployment, and consequently money was spent to provide work to relieve unemployment. By January 1 of this year the cost of living index stood at 126.1, the highest point we have reached.

Now what about the future? It is uncertain. But I think it must be a matter of concern that these inflationary pressures are building up. That brings me to another point with which I wish to deal.

When considering matters of this kind there are always what may be called the imponderables. Let me illustrate what I mean. A year ago it was notorious that the American motor industry was unable to market anything like the number of cars it could produce. Apparently they were good cars, people had the money to buy them, but for some mysterious reason the public decided, in a very widespread way, that they were not going to buy motor cars. That illustrates what I mean by an imponderable. While the economists may chart courses, there are always other forces that may come into play and may interfere with their calculations.

What are the causes of inflation? That brings me more directly to the motion before us. Various causes have been given. One

is when wages increase more rapidly than production we are bound to have a built-in inflation of prices. We had an illustration of that just last autumn—and this is not said in criticism of labour—when certain operating trades or unions on the railways said they wanted an increase in wages. Negotiations failed, and there was a possibility of a strike, a tie-up of our whole railway facilities. The railways said they could not afford the increase, but if the Board of Transport Commissioners would give an increase in freight rates, the railways would meet the demands of the unions. So, the railways appeared before the Board of Transport Commissioners and were given an increase in freight rates of 17 per cent, which they claimed was yet insufficient to meet the increased wage demands, but which went a very long distance towards meeting them.

Hon. Mr. Brunt: Within 2 per cent, I think.

Hon. Mr. Crerar: What was the effect of this increase in freight rates? It advanced the price of practically every commodity in Canada, and we have not yet felt the full impact of it. That is an increase that again is built into the cost-of-living, and no one can escape that conclusion.

Another reason that is sometimes given is that we are living beyond our means; that is, there is too much Government spending. When I say too much Government spending, I am not speaking alone of Ottawa, but of governments at all levels, from the federal authority down to the municipalities. People, or certain classes of them, generate pressure for the spending by governments, and very often governments respond, often unwisely.

That of course leads to another point, unbalanced budgets. Do unbalanced budgets contribute to inflation? The theory of the economists, or most of them, is that they do. It may be that we cannot avoid unbalanced budgets for a time, but it is a factor in this very important question of inflation.

It is argued that high taxation is another factor that contributes to inflation.

Now, I do submit that these aspects of the problem could very profitably be considered by a committee of this house which went at its work objectively, as Senate committees have done on various occasions in the past.

I should like also to comment on the effects of inflation. Here we speak with a little more knowledge. I would say that, broadly speaking, there are two effects produced by inflation; first, there is the economic effect, which is a rise in prices, and its impact on certain classes in our community. The Canadian people are about as fine a people as can be found anywhere in the world. We have here people who have worked and saved against the day when they can no longer work, people who have bought life insurance policies and annuities and like benefits in an effort to protect themselves when their working days are over. What is the economic effect of inflation on them? It robs them very definitely, no question about it. Inflation is like a stealthy thief that comes at us unawares, and takes away something of what we had saved against future needs.

Secondly, there is the political effect of inflation, by which I mean the disturbance of a sense of balance in the people generally, that is necessary, if good government is to be had. I will give one illustration of that effect. In Germany after the First World War, there is no question at all—and it is now recognized by historians—that the most effective force in producing Hitler was the mounting inflation generated in that country for several years after the end of that war. When people found the cost of living mounting in all directions they asked, "Is there no one who can save us from this?" Hitler was the man who said, "I can do the trick."

Let me take another illustration. France, for years after the recent war, was disturbed by political instability, caused largely by inflation. Prices were rising and the franc was devalued more than once. This was the most fruitful source for the development of a strong communist party in France in the years following the war. The same thing happened in Italy. But Italy was successful in stabilizing its government and reaching a measure of stability in the purchasing power of its currency. As that was accomplished and people became accustomed to it, the communist influence declined steadily in that country. The same will be true of France.

I was never an admirer of Lenin, but I do think he was a very able man. He made a pronouncement that should be written in large letters across every free democracy. He said the surest way to destroy a democratic form of government is to undermine the value of its currency, because if you do that you create the political unrest that favours the development of extreme communist theories.

I mention these things, honourable senators, because I think they are very pertinent to the discussion of this motion.

Without covering the same ground as the honourable senator from Toronto (Hon. Mr. Hayden) has done, I wish to deal with some of the points advanced by my good friend the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson).

Hon. Mr. Thorvaldson: May I ask the honourable senator from Churchill (Hon. Mr. Crerar) whether he can find at any place in my speech that I challenged the right of inquiry by the Senate?

Hon. Mr. Crerar: No.

Hon. Mr. Thorvaldson: I did not question the right of the Senate to explore these questions. I questioned the appropriateness of the proposed study, and that, not the right of the Senate to make the study, was the sum and substance of my argument.

Hon. Mr. Crerar: I apologize to my honourable friend if anything I said left a wrong impression, but I think he did argue that it is inadvisable for the Senate to conduct such an inquiry as is proposed here.

Let us go back a little. Take, first, the illustration used by my honourable friend from Toronto, the inquiry made by the Senate into income tax administration. It was not an investigation as to whether income tax was too high or too low, it was to ascertain how Government departments administered the law. That inquiry, I may inform my honourable friends opposite, was not very welcome to the Government of the day. Government departments naturally think that nothing in their administration can be improved. The Department of National Revenue at that time possibly thought that we were moving into a sphere wherein we had no right to be. Notwithstanding this, the Senate set up a committee of inquiry, which heard witnesses, some of whom were rather critical of the administration. That did not please the Government too much either. What was the result? The committee brought in several recommendations, one of which was of peculiar value, that an Income Tax Appeal Board be set up, and gave reasons for its conclusions. As a matter of fact the Income Tax Appeal Board was set up as a result of that inquiry, and it has proven of very great value to income tax payers in every part of Canada.

Hon. Mr. Beaubien: Was not the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) a very important witness at that inquiry?

Hon. Mr. Crerar: Now that I think of it, I believe he did give evidence before that inquiry, and, as he usually does, made a very valuable contribution.

I would like to give another illustration. In 1946 the Government of the day, because the regulations of the Wartime Prices and Trades Board ceased to be operative, decided to bring in legislation to set up a foreign Exchange Control Board. Some honourable senators here who were members at that time will remember the discussion which then took place. The act establishing the Foreign Exchange Control Board gave it extraordinary powers, and a good many honourable senators on both sides of the house believed that those powers were far too arbitrary. We debated the subject in this chamber. We sent the bill to committee, which called witnesses, one of whom was Mr. Graham Towers, Governor of the Bank of Canada at that time. I recall that his evidence continued for two days. The result of the inquiry by the committee into the proposed Foreign Exchange Control Bill was that over 50 amendments were made and, as I recall, two sections were entirely deleted. Would my honourable friend from Winnipeg South argue for a moment that, because the Government of the day did not altogether like that inquiry, we should not have proposed it?

Hon. Mr. Brunt: Was that not done by the Government of the day in the Senate? It was not the Opposition that did these things.

Hon. Mr. Robertson: No, it was not. I introduced the legislation.

Hon. Mr. Macdonald: I would like to assure my honourable friend that the Opposition in the Senate is not bringing up this matter. This is a motion by a member of this house who happens to be a supporter of the Opposition.

Hon. Mr. Crerar: I recall that I made a speech on that bill, and I had the satisfaction—if indeed it can be called a satisfaction—of seeing it reprinted almost verbatim in the Toronto *Globe*. But I use this as an illustration of what the Senate can do, and, on occasion, should do.

Again, one of the Senate committees, namely, the Finance Committee, undertook during several sessions to study the main estimates; and that activity, may I say, was not too palatable to some departments of the late Government. However, the committee went to work, and two of its members were the honourable senior senator from Winnipeg (Hon. Mr. Haig), and my honourable friend who is now leading the Government forces in this chamber (Hon. Mr. Aseltine). We questioned some of the items in the estimates. Not only that, but we called deputy ministers before the committee. Let me remark at this point that there is one type of question which should never be asked of a public servant who appears before a committee: he should not be placed in the position of passing an opinion on something his minister or the Government has done. That principle should apply, of course, if the proposed inquiry gets under way. But what I am endeavouring to point out is that this is no new idea; we have had inquiries before.

I do not know that my honourable friend fully realized the implication of his statement that inflation is a matter of Government policy.

Hon. Mr. Haig: Before the honourable senator continues, may I ask, was not the then Minister of Finance invited to appear before the committee dealing with foreign exchange?

Hon. Mr. Crerar: I think he was. I have just forgotten, but I do know that we had the Governor of the Bank of Canada before the committee.

Hon. Mr. Haig: But you do not know who asked the minister the question?

Hon. Mr. Crerar: I cannot recall at the moment. The record will disclose that information. At any rate, this has been common practice with the Senate. All we are proposing in the motion before us is simply that the Finance Committee be instructed to study the threat of inflation in Canada. Where on earth can there be any exception taken to having the committee make such an inquiry? I cannot conceive that the inquiry could be of any harm to the Government at all, and I would indeed be very loath to think that the Government had any opposition to it. It would not be a partisan inquiry any more than the inquiries I have mentioned were partisan inquiries. Here is a subject we might conceivably be able to shed some light upon. We might be able to establish some facts or views that would be of value to the Government in the consideration of this problem. I do think it would be most unfortunate if the idea developed that this was intended to be anything but an objective inquiry. I for one will be no party to any other kind of inquiry. It should and could be an objective study, and I am confident it would produce some very useful results.

How serious this threat of inflation may be I do not know, but I do fear we may be facing possible dangers. Quite frankly, one of the things that concerns me at the present moment is the fact that we are developing a very high cost economy in this country. This has been proceeding for the past ten years, but what will be the effect of it? Bear in mind that somewhere between 20 and 25 per cent of our gross national product is derived from foreign trade. If we keep our cost of production too high, do we not run the danger of pricing ourselves out of foreign markets for the various products we have available for export? If that happens, the result will be unemployment and greater stagnation. Frankly, I do not think that any more important question than inflation is facing us today. I do feel that we should study the effects of inflation upon the increasing costs in our economy.

For all these reasons, I hope that my honourable friend from Winnipeg South will give full consideration, as I am sure he will, to this matter and withdraw his objections to passage of the motion. In my judgment this motion is essentially one that should be approached in a wholly objective way.

Hon. Mr. Macdonald: And in a nonpartisan manner.

Hon. Mr. Crerar: Yes. We did not conduct those former inquiries in a partisan fashion. I know that I was very critical, as were other Liberal senators, of some of the things that the Liberal Government of the day was doing. Let us go at this thing objectively and in a nonpartisan way, not with any idea of embarrassing anyone but solely with the purpose of trying to bring out some factors that may be useful to the Government in reaching a decision with respect to whatever policies it finally decides to adopt in regard to this problem.

Hon. Mr. Haig: May I ask the honourable senator a question? If he cannot answer me now perhaps he will do so later. I gather that he does not agree there was a settlement by the Government in 1939 that the basis for the cost of living index would be taken at 100 and that it would remain so from then on. I contend there was a settlement on that basis, and I also contend that in 1949 the index had reached 190 and the Government then cut it back to 100. When the Liberal Government left office it was about 122. I suggest those are the facts, and I would ask my honourable friend if he disputes my statement.

Hon. Mr. Crerar: I have not got the facts before me.

Hon. Mr. Haig: That is all right.

Hon. Mr. Crerar: However, my impression is that the honourable senator is incorrect. Prior to 1909 we had what was known as the cost of living index. My memory is very clear that between 1941, when the price controls were put on, and the time they were taken off, the cost of living advanced 19 points.

Hon. Mr. Haig: We will see.

Hon. Mr. Crerar: It remained stationary at that point, and in 1949 a new index—the consumer's price index—was set up that brought in some other factors. I will check up on the point raised by the honourable senator.

On motion of Hon. Mr. Roebuck, debate **adjourned.**

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—
DEBATE CONTINUED

The Senate resumed from Thursday, February 26, consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Pearson, seconded by Hon. Mr. Choquette, for an Address in reply thereto.

Hon. John Hnatyshyn: Honourable senators, allow me to join with all those who have preceded me in extending my congratulations to the mover (Hon. Mr. Pearson) and the seconder (Hon. Mr. Choquette) of the Address in reply to the Speech from the Throne. I did not have the opportunity of hearing the speeches because I was not in the house when they were made. However, I have read their speeches carefully and I have had the pleasure of having heard both the mover and seconder speak on previous occasions. I only regret that I missed their eloquence in this house on that occasion. As a matter of fact, I have known the mover for a great many years, and I count it an honour to have him as a very close friend of mine during all that time. I have found him to be of great assistance to me since I have been in this house.

Honourable senators, I would like to offer my heartfelt thanks for the kind words of welcome expressed by the various honourable senators in welcoming me to this house and for the courtesy and friendliness shown by all honourable senators. I count it a privilege to be associated with the Leader of the Government (Hon. Mr. Aseltine), whom I also consider a friend of mine for some 25 years or more. He has always been of assistance, courteous, and devoted to his duty, as he has been in all matters relating to his own practice.

It has also been a privilege since coming to this house to have had the opportunity of becoming personally acquainted with the Leader of the Opposition (Hon. Mr. Macdonald), because throughout the years I have watched and admired the important part he has played in the other house, as well as in this chamber. He has been most courteous and kind to me since I have come here.

My memory goes back to my boyhood days, in the early 1920's, when the honourable senator from Churchill (Hon. Mr. Crerar), the Right Honourable Arthur Meighen, the Honourable Robert Forke and the honourable senator from Waterloo (Hon. Mr. Euler) played such an important part in the affairs of Canada. I know that these men have made a contribution that will live in the minds of Canadians as long as Canadian history is read. The honourable senator from Churchill has made, and is still making, an important contribution to western Canada.

I also recall the important part played by the honourable senator from Gulf (Hon. Mr. Power) during the war years, and previous to that, dating back to 1921. I know that he will always be regarded with respect and affection by all Canadians.

Many more in this house have made contributions to make this nation great, but time does not permit me to mention them all.

I count it an honour and a privilege to have the opportunity to sit in this chamber, and I only hope that in the future I can in some little way, at least, be of value to this house.

Mention was made by some honourable senators that I am the first senator to sit in this house from the city of Saskatoon. Naturally, I am proud that I come from Saskatoon, as I think it is one of the most beautiful cities in Canada.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Hnatyshyn: I would like to invite any honourable senators who have not visited western Canada, and Saskatoon in particular, to do so at the first chance they have. Some of the most enjoyable moments I have had in my life were in visiting various parts of Canada, and there are very few parts that I have not had an opportunity to visit. One exception is our newest province. It has been my privilege since coming to this house to share an office with the honourable senator from St. John's East (Hon. Mr. Higgins). If the people of his province are as friendly and kind as he and other senators from this province are, then I will not delay long in visiting the province of Newfoundland.

Hon. Mr. Higgins: Hear, hear.

Hon. Mr. Hnatyshyn: Saskatoon is not a large city as far as population is concerned, for it has just over 82,000 people. However, we are exceptionally proud of our university, and think, compared to any university in Canada, it has the most beautiful buildings and campus. Our university hospital associated with the medical college, consisting of some 525 beds, has attracted the best medical men from all over the world, and gives promise of being one of the great health centres in Canada—we hope in the future comparable to the Mayo Clinic in the United States of America.

Saskatoon is not only an agricultural centre and a railway centre, but has shown a steady increase in industrial expansion. We have one of the largest potash plants in Canada, and a multitude of smaller industries, numbering in all some 265. We have

a very active Board of Trade which, along with other groups, has worked hard to attract industries to the city and to Saskatchewan.

It is only a few years back that our province was engaged almost exclusively in agriculture, but that is not true now. Agriculture is still one of our main occupations, and due to our excellent land, agriculture in our province will always be of the utmost importance. Our wheat production is around $300 million annually, and livestock and similar products, around $200 million annually. This gives agriculture a total of $500 million—or half a billion. However, manufacturing totals reached about $327 million in 1958, construction amounted to some $383 million, and tourists accounted for another $15 million.

In the past five years Saswatchewan's mineral production has risen to a point where the province now stands fourth in Canada. Ontario leads with 37.7 per cent; Quebec, 17.4 per cent; Alberta, 15.9 per cent. Saskatchewan has 10 per cent of the total mineral production in Canada. Our mineral production has risen from $24,550,584 in 1946 to $213,721,000 in 1958.

In 1958 residents of Saskatchewan paid out more than $41 million in income tax, and 63 per cent of the wage earners reported a taxable income.

Retail sales in Saskatchewan were up 5.3 per cent in 1958, compared with a national increase of 2.1 per cent. Retail sales reached an all time high in 1958, amounting to $883,-392,876, compared to $848 million in round figures in 1957. Purchases per person increased by approximately $43. Automobile dealers had sales in 1958 amounting to $181 million, compared to $177 million in 1957. I could go on citing other increases.

The only decrease I am aware of is that of service station operators, whose income went down from about $2 million to $50,600. This could be accounted for by the fact that we had more new automobiles in 1958.

Mention was made in this debate of some statements made by James Muir, Chairman and President of the Royal Bank of Canada. I notice at page 10 of the annual report of the Royal Bank of Canada—being a report of the annual meeting of shareholders at Montreal, January 8, 1959—that the profits for the year for the Royal Bank after providing for depreciation and income tax are given in the amount of $15,868,329. This compares to something just over $13 million in 1957.

I would like to refer to page 11 of the Royal Bank of Canada Review of conditions, which is a supplement to the Report of the Proceedings of January 8, 1959.

Other developments on the prairies during 1958 which are of great economic interest include the possibilities for developing the northern parts of Manitoba, two major projects planned for Saskatchewan, and an irrigation project in Alberta.

Then further, on the same page:

Of considerable interest to Saskatchewan was the decision reached during the year to go ahead with the South Saskatchewan River dam. It is estimated that the project, the largest of its kind ever undertaken in Canada, will take anywhere from six to eight years to complete. Another important development in Saskatchewan concerns the establishment of a $15 million steel plant in Regina.

I would like to stress the importance of the South Saskatchewan River dam. I do not do this from a narrow provincial viewpoint as I sincerely believe that it is a nation-building project in the same sense that the development of the St. Lawrence Seaway is not beneficial to only one part of Canada, but to all of Canada.

I can do no better than refer to a pamphlet just issued by the federal Department of Agriculture on the South Saskatchewan River dam. It lists the purpose of the dam as follows:

1. Stabilize agriculture in the region through irrigation and provision of more dependable water supplies.
2. Provide hydro-electric power.
3. Provide a more abundant supply of good water for domestic and industrial purposes.
4. Reduce flood hazards on the river through better regulation.
5. Create greater facilities for recreation and other amenities of pleasurable living.

Then the pamphlet goes on, and under the heading South Saskatchewan River Dam highlights it says:

1. The South Saskatchewan River Dam will be the largest rolled-earth dam ever built in Canada and one of the larger dams of its kind in the world.
2. The amount of excavation required to build the dam would make a hole in the ground a city block square 1½ miles deep.
3. The dam will rise above the bed of the River 210 feet, or equivalent in height to a 17 storey office building.
4. Enough steel will be used in the dam to make a ⅜ inch steel rod long enough to stretch around the earth.
5. The cement needed would fill to capacity 3,000 freight cars.
6. The concrete used would build a 2 lane super highway from Regina to Prince Albert in Saskatchewan a distance of approximately 225 miles.
7. The diversion tunnels will be large enough for trains to pass through.

Saskatchewan has emerged as a community with character and confidence flushed with the wholesome pride of standing achievement in social and economic affairs.

The population is of varied racial origin with less than 50 per cent with Anglo-Saxon background. Fifty per cent have their origin in Germany, the Ukraine, Scandinavia, French Canada, Holland, Russia, Hungary and

Poland. All these people have become fused in common effort, in common environment and in common outlook. I think that the good traditions for the old lands have blended in the new environment to give the people of Saskatchewan vigour and individuality.

I believe, honourable senators, that not only in Saskatchewan but in all of Canada, we are all Canadians—not English, or French, or German, or Ukrainian—each contributing to this nation the best from our varied backgrounds. My opinion is that only as Canadians in that sense can we ensure the prosperity of this great country and the prosperity and safety of the Commonwealth.

It has been mentioned in this house and in the press that I am the first senator that was born in the Ukraine. My father came to Canada in the fall of 1906 and my mother waited for me to be born, in January of 1907. I arrived in Canada with my mother in March 1907, at the mature age of two months. It may be proper for me at this point to make brief mention of Canadians of Ukrainian descent. While people from the Ukraine migrated to the United States of America from 1870 on, there was no migration to Canada until the year 1891. Before that time the Ukrainians remained rooted in their ancestral soil, the region north of the Black Sea.

In the Ukraine over 40 million people speak Ukrainian, a distinctive Slavic language. While the area of settlement and occupation has changed at different times the Ukrainians now inhabit the same region in Europe which their ancestors have held for over a thousand years. The city of Kiev is the ancient capital and traditional centre of cultural life.

Today, as always in the past, the Ukraine is an important factor in the European situation because of the size of its population, the extent of the territory, the richness of its resources and its strategic position with reference to the Black Sea and the constant battle of Ukrainians in Europe for freedom. For centuries in the past the Ukrainians in Europe have resisted exploitation and conquest from their immediate neighbours. The various upheavals in Europe impelled individuals and groups from the Ukraine to migrate beyond their homelands.

There are now over 600,000 settled in the United States and there are over 400,000 Canadians of Ukrainian descent in Canada, the vast majority of them having been born in Canada.

There are only a couple of other items I would like to deal with. The Speech from the Throne, amongst other important subjects that it deals with has this to say:

> My ministers have been gratified to see the all-time record in house construction which has been made possible by Government loans under the National Housing Act. They will recommend to you further amendments to that act to continue this program and to encourage the flow of private funds into mortgages.

Housing is the best way to build this nation. It is most encouraging to see the Government taking a strong stand in regard to housing.

At first $250 million was made available for the construction of small houses. Twice after that the amount was increased, first by $150 million and then by $350 million, and this year the Government proposes to increase the amount by a further $250 million. As the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) said yesterday, the situation today is that house building is now the most important industry. This program not only provides employment but, even more important, it gives young Canadians a chance to own their own homes and raise their families under favourable conditions.

As was also pointed out yesterday, there is today an excellent market for houses, and it is significant that banks and lending institutions have informed C.M.H.C. that there will be about the same amount of money put up by these companies for mortgage lending in 1959. I believe that in its housing policy the Government is building Canada. I cannot leave this subject without expressing my admiration for the efficient and far-sighted manner in which C.M.H.C. has handled the housing policy. Only a few days ago I had the opportunity of being shown through the main offices of C.M.H.C. in this city, and I was happy to learn and see that they are doing a much bigger job than I realized from reading the news in making this a great country.

May I be permitted to say a word in connection with the cancellation of the Arrow production, about which there appears to be so much controversy. My feeling is that many issues are being dragged in that only make things more difficult as far as this problem is concerned. The fact is that the Arrow production was cancelled because, on the best advice the Government obtained, the Arrow would have been obsolete by the time it was completed. The Government had to make a decision whether it should commit itself to the expenditure of perhaps $1 billion of the taxpayers' money for an airplane which, on the word of its defence experts, would have little defence value when two or three years from now it came off the line or, whether it should have the courage to cancel the Arrow production.

I agree with what the honourable senator from Waterloo (Hon. Mr. Euler) said, that the Government made the right decision and

showed courage in doing it. I feel that the concern shown by the opposition in the other house and in this house about the 13,800 workers of the A. V. Roe company is justified, but it is only fair to say that the Government is as much concerned about this problem as anyone else and is doing its utmost to see that employment is found for these workers. If there is any foundation for a news item contained in last night's newspaper, things may not be as bad as we thought for these unfortunate people who find themselves without a job.

However, there have been other issues dragged into this matter that do not concern the main issue at all. There have been wild statements made in the other house about the United States of America having designs on Canadian sovereignty. Even wilder statements have been made outside of both houses.

Last Tuesday, if I read the Senate *Hansard* correctly, the honourable senator from Toronto-Spadina (Hon. Mr. Croll) stated in the second column on page 214, as follows:

> A single telegram of a few words pronounced the death knell of more than thousands of jobs. It did more than that, it pronounced the death knell of the last vestige of Canadian autonomy in the realm of military defence.

Further, in the same column towards the end, he stated as follows:

> In other words, we can no longer kid ourselves that we are partners, junior grade, with the United States in the defence of North America. We are about to be integrated into the gigantic military complex of the United States.

Then, on page 216 in the first column, we find this sentence in the honourable senator's speech:

> Today, I think, Canadian-United States relations have reached a new all-time low.

Then, in the second column on page 216, the Senate *Hansard* reports my honourable friend as follows:

> The much-vaunted western military unity is, as far as Canada is concerned, non-existent. We are hog-tied to the Americans.

It is true that the statements I have referred to above are not as strong as some made in the other house and some made outside of both houses. But, in the first place, I cannot agree with the statements referred to above made by the honourable senator from Toronto-Spadina, and, secondly, I feel that these statements add fuel to the irresponsible statements made elsewhere regarding Canadian sovereignty.

Now, what is the situation that arrests the attention of the nations of the west in regard to mutual defence?

If we canvass in our hearts the situation in the world today, we cannot help but see that a division of international sentiment into two camps has taken place. In the main, those peoples of the world who love the institutions of democracy as we have built them throughout centuries are feeling as one and are seeking to act as one for the purpose of preserving our way of life which we value even more than our lives; and against these, or contrasted with them, there is one country, and one country alone, who, while doing lip service to peace, has revived that worship of the kingdom of might and the horror of war which, not so long ago, almost crushed our civilization.

Throughout these difficult years we have been proud to witness the United States, Great Britain, France and Canada standing together as one, exerting their every ingenuity and power to hold fast the fabric of world civilization and to prevent the outbreak of another war, which too often has seemed impending. Even this day we are living through the Berlin crisis. Is this the time to be raising doubt and apprehension and acting as if we were afraid that the United States might conquer Canada? For over 100 years our leaders have not quarrelled, and we have lived as independent nations but on friendly terms and with much in common in our way of life.

If, in this time of crisis, when we really should co-operate as free nations of the world, we raise suspicion instead of doing something to be of help to each other, what chance has democracy to survive?

If we are partners for the purpose of preserving our freedoms and our very existence, then let us behave the way partners behave when they have a common purpose and when they know that purpose is right. Let us, at least in these matters of mutual defence, act in a spirit of common interest and not in a spirit of suspicion that our great and friendly neighbour to the south of us has designs to interfere with our sovereignty.

It is perhaps worth recording in part the editorial of the Ottawa *Journal* of Tuesday, February 24. I quote:

> A sovereign nation is a nation which, within its own territories, makes and administers its own laws, which within its own legislatures and courts, and without external interference, deals with the fortunes, the property, the civil rights of its citizens.
>
> Does Canada, by ceasing to build this Arrow plane, by integrating her defence with that of the U.S., lose these rights?
>
> For an answer, let us look at Britain. Did Britain lose her sovereignty, cease to be a sovereign state, when throughout most of World War II she had a million U.S. troops on her soil?
>
> And is Britain compounding her loss of sovereignty when, in peacetime, right at this hour, she permits her island to be dotted with U.S. air bases and her skies to be used by U.S. planes?

Further on it says:

> What our hysterical people are doing is confusing loss of sovereignty with interdependence.

The editorial concludes thus:

But, seeing and rightly discussing these things, let us not lose sight of the clear fact that all we have done with respect to the Arrow plane is to stop spending money which we couldn't afford for a weapon we didn't need—and above all let's not start making fools of ourselves over having "lost our sovereignty".

For the last is just plain hysteria,—that plus the gibberish of the demagogues or fools.

I wish to refer to only one more item. Recently I noticed in *Saturday Night* of January 31, 1959, under the heading of "Comment of the Day", the first paragraph, which has another sub-heading, "Cut the Opening", and then, this:

Does the opening of the Canadian Parliament need all the folderol that now goes with it? Does the Governor General really need to drive through the icy streets of Ottawa in such a pretentiously obsolete vehicle as a "closed landau"? And does Black Rod *have* to tramp down all those long corridors to bring the Commons jostling into the Senate to hear a speech written by one of the Commons' own members?

Surely we in Canada have not come to the stage when we want to abolish the few shreds of tradition that we have. To me that would be equal to erasing the memory of our parents, and the memory of our ancestors, because they do not belong to the rock and roll age. Today there seems to be in certain quarters some feeling that it is almost a sin to value tradition and to value things that are worth while in the past. This article concludes in this manner:

Parliament is in fact a vigorous, vital and essential part of our democratic system.

Now I cannot disagree with that. But the writer comes to this startling conclusion.

If it appears quaint and archaic to people across the country—particularly those people who have no Anglo-Saxon background—then its vitality will be sapped.

Surely whoever wrote that article does not realize that all Canadians owe something to their history, and they all value tradition; and let us hope that we do not, as suggested by this article, wipe out all traditions.

In conclusion, I would like again to express my appreciation to all the members of this chamber for the particularly warm, courteous and sincere welcome to myself, as a newcomer in this house.

On motion of Hon. Mr. Beaubien, for Hon. Mr. Dessureault, debate adjourned.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 126 to 139, which were presented on Tuesday, March 3.

Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce moved that the reports be adopted.

Motion agreed to.

BILLS—FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill SD-121, an Act for the relief of Bernard Fourcade.

Bill SD-122, an Act for the relief of Sylvia Mary Mefrige Makad.

Bill SD-123, an Act for the relief of Marjorie Seymour Hammond Pearson.

Bill SD-124, an Act for the relief of Helene Dagenais Roy.

Bill SR-125, an Act for the relief of Violet Winnifred Kean Newton Armstrong.

Bill SD-126, an Act for the relief of Marlene Marle Korn.

Bill SD-127, an Act for the relief of Elaine Shirley Dorfman Moscovitch.

Bill SD-128, an Act for the relief of Eric Alexander McConnell.

Bill SD-129, an Act for the relief of Etta Rose Palevsky Lerman.

Bill SD-130, an Act for the relief of Edward Bruce Bonneville.

Bill SD-131, an Act for the relief of Pamela Margaret Clark Creber.

Bill SD-132, an Act for the relief of June Bernice Rath O'Hanley.

Bill SD-133, an Act for the relief of Michael Zuk.

Bill SD-134, an Act for the relief of George Frederick Davies.

Bills read first time.

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

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

BILLS—SECOND READINGS

Hon. Mr. Roebuck moved the second reading of the following bills:

Bill SD-106, an Act for the relief of Morris Gordon.

Bill SD-107, an Act for the relief of Maurice Castonguay.

Bill SD-108, an Act for the relief of Rita Lucia Palmieri Bellefleur.

Bill SD-109, an Act for the relief of Alex Groot.

Bill SD-110, an Act for the relief of Gustave Rene Gosselin.

Bill SD-111, an Act for the relief of Marie Berthe Jeannine Quesnel Patenaude.

Bill SD-112, an Act for the relief of Wauneta Langill Bourque.

Bill SD-113, an Act for the relief of Pierrette Bertrand Suchereault, otherwise known as Pierrette Bertrand Chussereault.

Bill SD-114, an Act for the relief of Yolande Bosse Murphy.

Bill SD-115, an Act for the relief of Joseph Rolland Wright.

Bill SD-116, an Act for the relief of Rosalie Jakes Reisinger.

Bill SD-117, an Act for the relief of Jacqueline Ann Rosenfeld Bernstein.

Bill SD-118, an Act for the relief of Margit Elizabeth Mary Temke Malcolm.

Bill SD-119, an Act for the relief of Celia Claire Kanigsberg Dickman.

Bill SD-120, an Act for the relief of Constantin Deacur.

Motion agreed to and bills read second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

PRIVATE BILL

PACIFIC STANDARD LIFE INSURANCE COMPANY—SECOND READING

Hon. Stanley S. McKeen moved the second reading of Bill S-12, to incorporate Pacific Standard Life Insurance Company.

He said: Honourable senators, a company called the British Pacific Casualty Company was founded by a private act of the Legislature of British Columbia on March 1, 1913. World War I intervened and the company did not get under way and do any business. In 1921 the name of the company was changed to British Pacific Insurance Company. Again the company ran into difficulties and did not do any business. On April 1, 1945, the company was taken over by a group of British Columbia businessmen and it started doing business. From 1945 to December 1949 the company engaged principally in fire and casualty insurance, though its charter permitted the sale of all classes of insurance. During this period the company's experience was adverse in fire and casualty insurance, so it reinsured all such business on January 1, 1950, and majored in accident and health insurance. This business turned out to be profitable.

The company is now licensed to do business in the five provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

The company has enjoyed a very substantial increase in premium income since 1950 and now feels that it would be in its best interests to enter the field of life insurance. This decision came about because the company was losing a great many of its salesmen to life insurance companies which offered the facilities of life, accident and health insurance. Another reason for the company wanting to get into this line of insurance was that provincial agencies and institutions were cutting in on the accident and health insurance field. However, the company found it was required to have a dominion charter before some of the provinces would give it a licence to go into business. The company is now requesting such a charter by way of this legislation.

Before getting into the life insurance business the company had to raise additional capital. It was unsuccessful in its attempts to do so through brokerage houses in this country and a local group in British Columbia. However, an American company located in Los Angeles, the Beneficial Standard Life Insurance Company, offered to purchase all the shares of the British Pacific Insurance Company; this proposition was accepted by 100 per cent of the shareholders of the latter company, and the sale was consummated. At the same time the company offered options which are being held by the officers of the present company. In fact, all the shareholders may participate in the company through buying shares in the parent company. The Pacific Standard Life Insurance Company will be a wholly-owned subsidiary of the American company and the shares that are bought by the present shareholders of this company will be held in the parent company.

If this bill is approved, the board of directors of the company will be Harry J. Seed, President of British Pacific Insurance Company; J. M. Burnett, Executive Vice-President, British Pacific Insurance Company; C. T. Ruddell, Vice-President and Director of Agencies, British Pacific Insurance Company, and Esmond Lando, barrister and solicitor, all Canadians. The American directors will be: E. D. Mitchell, Chairman of the Board of the Beneficial Standard Life Insurance Company of Los Angeles, J. N. Mitchell, Executive Vice-President, of the same company, and Henry Attias, Vice-President and General Counsel for the same company.

Honourable senators, this company is asking for a charter which will take over all the business of the present company. The name of the company seeking to be incorporated is Pacific Standard Life Insurance Company. The reason for this change in name from British Pacific Insurance Company

is that the company intends to do business in the northwest United States, the states of Washington, Oregon, Idaho and Minnesota, and perhaps some bordering states. The company thinks it is a good idea to have the names of the present companies incorporated so that it will be using the name "Standard" from the "Beneficial Standard Life Insurance Company", and the name "Pacific" from the company presently doing business.

As I have said, the Pacific Standard Life Insurance Company will be a wholly-owned subsidiary. The new owners have expressed their intention to expand the operations of the company. They have agreed that when this company is chartered they will put forward $1 million, and later sufficient capital to carry on any extension of their operations. At the present time there is no home office of a life insurance company in British Columbia. The home office of this company will be in Vancouver. The company expects to make a very substantial investment in the province; it expects to employ several hundreds of people as clerks, agents and brokers in that province, and to extend further across the dominion as business increases.

This company obtained a charter on two former occasions, but did not operate. I wanted to be sure, therefore, that these people were not just brokers trying to get a charter and intending to peddle it later. I have before me a telegram from the company, stating in effect that if this bill passes they will put up $1 million in order to carry on. The company can then go into business immediately. There is already an existing business in operation, and the new company would take over that business. I understand the premium income at the present time is in the neighbourhood of $2½ million to $3 million. This is the basis on which it would start. However, a life insurance business is required to have a very substantial reserve. This matter has been discussed with the Superintendent of Insurance.

If this bill is given second reading I will suggest that it be referred to the Standing Committee on Banking and Commerce before which the Superintendent of Insurance, as well as one of the principal officers of the company, could be called to answer any questions put by honourable senators. They could answer them far better than I can, since I am not in the insurance business. I have no interest in this company, and know only what I have been told.

Hon. Mr. Roebuck: May I ask a question, in a very friendly spirit? Is it not very unusual for a company to start business in this way? Section 8 reads as follows:

> The act shall come into force on a date to be specified by the Superintendent of Insurance in a notice in the *Canada Gazette*.

When bills, either private or public, do not come into effect when they are signed, it is usual to have them brought into effect by order in council. Section 8 goes on to say:

> Such notice shall not be given until this act has been approved by resolution adopted by at least two-thirds of the votes of the members of the provincial company present or represented by proxy at a meeting duly called for that purpose,...

I believe it is usual to have that resolution passed before an application for incorporation is even lodged, and not to wait until after the act has been passed before the shareholders consent. The section further says:

> ...nor until the Superintendent of Insurance has been satisfied by such evidence as he may require that such approval has been given...

I think we ought to know that now, before we pass this bill.

> ...and that the provincial company has ceased to transact the business...

Hon. Mr. McKeen: As far as I know, those steps have already been taken, the Superintendent of Insurance has approved them, and the resolutions have been passed. I cannot give a complete guarantee of that, but I have been assured that all the preliminaries have been attended to. The Chief Clerk of Committees of the Senate has checked the petition and says that it is in order.

Hon. Mr. Roebuck: Thank you.

Hon. Mr. Haig: Question.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Mr. McKeen, bill referred to Standing Committee on Banking and Commerce.

PRIVATE BILL

CANADIAN GENERAL COUNCIL OF BOY SCOUTS ASSOCIATION— SECOND READING

Hon. Norman P. Lambert moved the second reading of Bill S-13, respecting The Canadian General Council of The Boy Scouts Association.

He said: Honourable senators, this bill seeks an amendment to section 8 of chapter 130 of the statutes of 1914 respecting the Canadian General Council of The Boy Scouts Association. The sole purpose of the amendment is to remove for the future and retroactively the monetary limitations on the annual value of the real estate held for the use, occupation and benefit of the corporation. That limitation is included in section 8 of the original act of 1914.

The body corporate of the Boys Scouts Association in Canada is the Canadian General Council which, as I have said, was incorporated in 1914. Among other things, this act gave the corporation power to set up provincial and other councils and to make regulations under which they should operate. In the earlier years of this century an attempt was made to record centrally all property as it was acquired, but as the movement grew this became an impossibility. Scout groups, in some cases, now own their own premises, and most districts, particularly those employing a staff, have acquired offices and campsites of their own. Most provinces have their own central offices and campsites, and the Canadian General Council, which is located here in the Capital city of Ottawa, owns its present headquarters on Metcalfe street, and also property on which a new headquarters building is to be erected in the near future. In addition, it owns a property in the Gatineau woods, which is rented each year to provide income.

It is interesting and worth while noting that up until this time this body has not made a national public appeal for funds; it has shared in the proceeds of the annual campaigns for the Community Chests in various localities, and also has received many private bequests from individual citizens.

Honourable senators, I have in my hand a list of places where property is located, the character of the property, and its estimated value. With the consent of the Senate, I should like to have this list placed on *Hansard*.

Hon. Mr. Macdonald: Agreed.

Hon. Mr. Lambert: Incidentally, the total value of the property listed is nearly $2 million. The list, which is by no means complete, serves to show the extent to which property is held and the need for amending the act of incorporation to bring it in line with the realities of the existing organization.

Place	Property owned	Estimated value
Vancouver	Building	$ 100,000
	Campsite	30,000
Edmonton	Building	30,000
	Building	10,000
	Campsite	75,000
	Campsite	70,000
Calgary	Building	15,000
	Campsite	25,000
Regina	Building	20,000
Saskatoon	Building	15,000
Winnipeg	Campsite	15,000
Gimli	Campsite	25,000
Toronto	Building	150,000
	(9) Campsites	150,000
Haliburton	Campsite	30,000
Hamilton	Building	75,000
	Campsite	25,000
Oshawa	Campsite	400,000
Ottawa	Campsite	50,000
	Campsite	15,000
	Building	180,000
	Property	50,000
	Property	35,000
Montreal	Building	100,000
	(4) Campsites	150,000
Halifax	Campsite	25,000
Charlottetown	Campsite	7,500
Total		$1,872,500

I think it is opportune to say a word about the character and work of the Boy Scouts Association, although I am sure most of us are pretty intimately acquainted with the value of the services rendered by this organization in every part of this country. I suppose it is not going too far to say that representatives of the Boy Scouts movement appear in nearly every circle of any consequence in the senior phases of our national life, as well as among the younger generation.

It is now 45 years since the Boy Scouts Association became an incorporated body by act of Parliament of Canada, an event which occurred very soon after that romantic figure General Lord Baden-Powell had inaugurated the Scout movement in Britain. The remarkable growth of this movement in Canada to its present membership of nearly 256,000 is ample proof of the effective interest it has provided for the youth of this country. Unlike so many youth training organizations, the Boy Scouts Association does not confine its activities to urban centres but has reached out to remote hamlets in every part of this country, even to the Eskimos and Indians in our Northwest Territories.

The movement has been adopted by diverse racial and religious groups. Its ranks are open to boys of any faith and any racial background. Its watchword, "Be Prepared", seeks to emphasize two things, duty to God and loyalty to country. Its appeal is even wider than diverse racial and religious groups, for it also serves afflicted youth among the blind, the deaf, and the crippled.

The Boy Scouts program is offered to organizations interested in the development of good citizenship in this country, so that more than 50 other different organizations adopt the Scout program for use as their own program of character building. Sixty per cent of nearly 4,800 Scout groups in Canada are sponsored by churches of a dozen different denominations. Service clubs, schools, home and school associations and many fraternal and civic organizations also sponsor this movement. Today more than a quarter of a million boys are receiving this training under more than 25,000 dedicated leaders.

I think it is worth noting that at the time when much is said and printed about juvenile delinquency, the Boy Scouts movement stands out as a strikingly helpful and wholesome

influence. The Boy Scouts Association, because of its system of sponsorship and its ability to take its program to the smallest communities in Canada, is today the outstanding agency in Canada in youth training and character building.

Because of these great objects, I have pleasure in moving the second reading of this bill, which is designed to encourage and extend the work that has been so well performed during the past 45 years. I shall be pleased, with the consent of the Senate, to move that this bill be referred to the Committee on Miscellaneous Private Bills for further enlightenment, if so desired.

Hon. Mr. Power: May I be permitted to ask a question? Will the honourable senator sponsoring this bill say whether or not the increase in the value of the assets—now amounting to some $2,500,000 in comparison with the limit of $50,000 provided for in its act of incorporation—is due to inflation?

Hon. Mr. Lambert: I think possibly the open-end feature of this association has brought about that increase and provides the answer to my friend. I might point out that precedents for the passage of this bill have been established during the past two or three years. One bill that we put through last year amended the act of incorporation of the Salvation Army; a similar bill dealt with the value of real estate owned by the Red Cross Association. So there is nothing unusual in this amendment, particularly as it brings the operation of the Boy Scouts Association into line with its charter.

Hon. Mr. Power: It makes the law meet the case, not the case meet the law.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Lambert, bill referred to Standing Committee on Miscellaneous Private Bills.

PRIVATE BILL

CONGREGATION OF SISTERS OF HOLY FAMILY OF BORDEAUX— SECOND READING

Hon. Gustave Monette, for Hon. Léon Méthot, moved the second reading of Bill S-14, to incorporate the Congregation of the Sisters of the Holy Family of Bordeaux.

He said: Honourable senators, this bill is promoted by the Congrégation des Sœurs de la Sainte-Famille au Canada. This is an existing unincorporated religious body. It is a Roman Catholic Order, a contemplative, religious and missionary organization in character. It petitions now to be incorporated to pursue social, welfare, educational, hospital and medical services. Incorporation is asked for by a number of petitioners, all of whom are sisters in the religious sense, and who call themselves "mothers" in that sense, under the name of "Congregation of the Sisters of the Holy Family of Bordeaux", and the French translation follows.

Section 2 of the bill provides that the persons named in section 1 shall be the first directors and constitute the first Board of Directors of the corporation.

Section 3 (1) provides that:

> The head office of the corporation shall be in the city of Montreal, in the province of Quebec, or at such other place in Canada as may be designated by the Corporation.

The objects of the corporation are set out in section 4. May I point out to honourable senators that these powers are to be granted subject to the laws in force in Canada, which include the federal laws and the laws of any province in which the corporation operates. It seeks to do its work throughout Canada. The objects are enumerated as follows:

> (a) to provide educational facilities;
> (b) to establish and maintain orphanages;
> (c) to promote the contemplative life;
> (d) to care for and treat sick, wounded, indigent and other persons requiring such care;
> (e) to carry on missionary work;
> (f) to create, erect, organize, maintain, enlarge and operate, or direct and administer, within Canada, monasteries, hospitals with medical, surgical, pharmaceutical, clinical, laboratory, examination, research and experimental services, premises for patients under observation, homes for the convalescent and quarters for physicians, dispensaries, orphanages, homes for the aged, institutes, sanatoriums, schools or institutions for nurses and assistant-nurses, maternal care assistants, male nurses and assistant male nurses,—

I mention male nurses in passing, not because they are more important than others.

> —and to award such persons efficiency certificates under such terms and conditions as may be determined by the corporation;
> (g) to create, erect, organize, maintain, enlarge and operate or direct and administer, within Canada, teaching and educational institutions, such as colleges, schools, academies and institutes and to award pupils such certificates on such conditions as are determined by the corporation.

I think in fairness I should call the attention of honourable senators to the fact that the powers asked for with respect to the creation and erection of institutions, and for the direction of them, is not restricted to the general purposes. This question may be discussed in committee, if necessary, although I do not invite discussion. The enumeration of the objects continues:

> (h) to create, erect, organize, maintain, enlarge and operate or direct and administer within Canada, rest and retreat houses, social services, homes for young girls and other persons and other similar undertakings;

(i) to promote the development of medical and surgical science in general;

(j) to create, maintain, administer and develop institutions for the teaching of medical technology and to maintain therein laboratories, clinics, museums and such other facilities as may be required or useful for the establishment, maintenance and advancement of the teaching of hygiene and of medical techniques;

(k) to establish and organize medical bureaus consisting of physicians and surgeons attached to hospitals established and administered by the corporation;

(l) to administer in Canada the property, business and other temporal affairs of the corporation.

Section 5 contains additional powers which I think are incidental to those already mentioned. They are as follows:

5. Subject to the laws in force in Canada, the corporation may:

(a) enter into agreements with members of medical and surgical colleges, universities and other recognized medical centers, with school commissions, associations of teachers, governmental institutions and others;

(b) establish and organize, in hospitals and in the teaching and other institutions administered by the corporation, boards or governors or benefactors, the members of which shall act in an advisory capacity and in conformity with the rules and regulations of the corporation;

(c) acquire the real or personal property of any other corporation having objects similar to those of the corporation on the assumption of all the obligations of such corporation.

Section 6 would provide the following powers with respect to the acquisition and holding of property:

6. (1) The corporation may purchase, take, have, hold, receive, possess, retain and enjoy property, real or personal, corporeal or incorporeal, and any or every estate or interest whatsoever given, granted, devised, mortgaged or bequeathed to it, or appropriated, purchased or acquired by it in any manner or way whatsoever, to, for or in favour of the uses and purposes of the corporation or to, for or in favour of any religious, education, eleemosynary or other institution established or intended to be established by, under the management of, or in connection with, the uses or purposes of the corporation.

(2) The corporation may also hold such real property or estate therein as is bona fide mortgaged to it by way of security, or conveyed to it in satisfaction of debts or judgments recovered.

Section 7 provides for investment in and disposal of property, and it is expressed in general terms.

Section 8 deals with the application of mortmain laws, and reads as follows:

8. In regard to any real property which, by reason of its situation or otherwise, is subject to the legislative authority of the Parliament of Canada, a licence in mortmain shall not be necessary for the exercise of the powers granted by this Act, but otherwise the exercise of the said powers shall in any province of Canada be subject to the laws of such province as to the acquisition and holding of lands by religious corporations in so far as this Act applies to the corporation.

Section 9 provides for the creation of a Board of Directors which shall control and administer the business and affairs of the corporation. Subsection 3 of that section provides that the board may,

—make, amend and repeal such by-laws, rules, orders and regulations, not contrary to law, as the Board may deem appropriate for the conduct and government of the Corporation and its members—

Subsection 4 reads:

In particular, without limiting the generality of subsection (3), the board may make, amend and repeal by-laws, rules, orders and regulations concerning

(a) the requirements for admission to and continuance in membership of the corporation, and the rights and duties of such members.

Therefore, the continuity of the corporation is assured by this subsection. It continues:

(b) the duration of the tenure and the mode of appointment of the members of the board and the filling of any vacancy occurring on the board, whether such vacancy is caused by death, resignation or otherwise;

(c) the calling and holding of meetings of the board and fixing the quorum thereof.

Section 10 contains this important provision:

In so far as authorization by the Parliament of Canada is necessary, any person or corporation in whose name any property, real or personal, is held in trust or otherwise for the use and purposes of the corporation, or any such person or corporation to whom any such property devolves, may, subject always to the terms and conditions of any trust relating to such property, transfer such property, or any part thereof, to the corporation.

Section 11 deals with the disposition of property by gift or loan. It provides that:

The corporation may make a gift of or lend any of its property, whether real or personal, for or to assist in the erection or maintenance of any building or buildings deemed necessary or useful for any church, college, school or hospital or for any other religious, charitable, educational, congregational or social purpose upon such terms and conditions as it may deem expedient.

Section 12 deals with the investment of funds, and its provisions are expressed in general terms.

Section 13 has to do with borrowing powers. It empowers the corporation to borrow money on the credit of the corporation and make, draw, accept, endorse or become party to promissory notes and bills of exchange; every such note or bill made, drawn, accepted or endorsed by the party thereto shall be presumed to have been properly authorized.

The corporation would also be empowered to issue bonds, and mortgage, hypothecate or pledge any property.

Subsection 2 is important:

Nothing in this section shall be construed to authorize the corporation to issue any note or bill payable to bearer thereof, or any promissory note intended to be circulated as money or as the note or bill of a bank, or to engage in the business of banking or insurance.

One might not expect that the corporation would issue notes or engage in business; but anyhow, that power is there.

Section 14 gives in general terms the powers incidental to the other powers; and the last paragraph, which is important, states that the corporation may pursue its objects and exercise its rights and powers in any part of Canada.

It may be desirable to send this bill to a committee, and if so, I would ask that it be referred to the Miscellaneous Private Bills committee.

Hon. W. Ross Macdonald: Before the bill receives second reading may I say to the sponsor that the objects set forth in it are very worth while indeed, and I wish to commend all those who are going to carry out these objects. I think it is some time since we have had in this house a bill whose purpose is to enable an organization to do generally such worth while work. I gather from what the sponsor has said that much of it will be in connection with the establishment of homes and of hospitals. He has told the house that an unincorporated organization is doing this at the present time and that the purpose of the bill is to incorporate this organization. Can the honourable gentleman inform us if there are similar institutions operating throughout Canada?

Hon. Mr. Monette: The organization which desires to be incorporated exists as a religious congregation carrying on social welfare services and especially hospital and medical services. That is, I believe it is doing so, though I am unable to make a definite statement on the point. I am not the original sponsor of the bill; I was asked to sponsor it in the absence of the honourable senator from Shawinigan (Hon. Mr. Méthot). I will obtain the information and have it ready for the committee. My honourable friend inquired if there are similar organizations throughout Canada. There are many that are co-operating with hospitals, universities and doctors and furnishing, under charitable control, if I may say so, social services, which are performed by qualified persons.

Hon. Mr. Higgins: I may mention that the Sisters of Mercy have the only women's university in Canada, Mount St. Vincent, at Halifax, and they are also active with hospitals and a large number of primary schools.

Hon. Mr. Monette: Honourable senators have probably heard of the Sisters of Providence in Montreal, who are almost a state by themselves, if a small one. They have a great asylum for insane people. They have all the services that one can expect. I have just been reminded that they are in Quebec City too. It has been a privilege of our province to have had the services of nuns, for which we do not pay too much. They are devoted to charitable institutions of this kind and have made possible the development of many institutions of social welfare in the province.

Hon. Mr. Burchill: Has the congregation been established for some years? Is it an old institution?

Hon. Mr. Monette: That, again, I could not answer definitely.

Hon. Arthur W. Roebuck: May I ask one or two questions of the honourable senator from Mille Isles (Hon. Mr. Monette)? I know that he is very well informed on constitutional matters. As a matter of fact, I first met him, many years ago, in a constitutional battle before the Privy Council, in England.

Hon. Mr. Monette: Were we not met on that occasion by the honourable senator from Vancouver South (Hon. Mr. Farris)?

Hon. Mr. Roebuck: Yes, the three of us were there at that time.

I see in this bill a number of items which just give me a pause—that is all—as to the constitutionality of the incorporation which is proposed. In section 4 it is stated that, subject to the laws in force in Canada, the corporation has the power to provide educational facilities. But by the British North American Act education is reserved to the provinces. It is also provided that the corporation shall "promote the development of medical and surgical science in general," which is entirely within provincial control. Also I see, in section 6, that the corporation is given power to possess property "in favour of any religious, educational, eleemosynary or other institution established or intended to be established".

Now, eleemosynary institutions are expressly reserved to the jurisdiction of the provinces under the British North American Act. Section 11 of the bill authorizes the corporation to make gifts to educational institutions, colleges, schools and so on. I am just wondering whether we are trespassing on the rights of the provinces and whether we have complete authority to incorporate a company for such purposes. I am not saying we have not such authority, but I would like to have the opinion of the honourable senator from Mille Isles on this matter.

Hon. Mr. Monette: If I am not mistaken, I believe the question as to whether the powers granted under this legislation are sufficient to satisfy any particular province could be solved by recourse to the rights of the two Authorities, that is, the province and the dominion. A corporation created by the

federal Authority would have certain powers but, to exercise those powers in a particular province, the corporation would have to apply to that province to do so.

Hon. Mr. Roebuck: Is it not the practice of the Companies Branch of the Department of the Secretary of State not to grant incorporations to companies whose purpose is educational? I think I have run into that sort of thing in the course of my practice.

Hon. Mr. Monette: Surely there are religious institutions which receive similar powers. The question whether there are many such institutions which obtain their incorporation from the federal Authority, I am unable to answer. I think an incorporation from the federal Authority under section 91 of the British North American Act could exercise its powers created by the federal Authority, but, if in a province, it would need to go to the second or provincial Authority. I do not believe that one Authority could create a company and give it powers which it could exercise in another jurisdiction, where the authority of the other jurisdiction is needed.

Hon. J. W. de B. Farris: Honourable senators, as my name has been mentioned I think I should join in this discussion.

Hon. Mr. Roebuck: Decidedly.

Hon. Mr. Farris: The remarks of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) would seem to raise some serious question about federal companies, for most powers that are given to federal companies could be said to come under property and civil rights. I am inclined to think that the honourable gentleman who explained this bill (Hon. Mr. Monette) is right in the distinction he has made, but I would point out that, if there is any doubt about it, we cannot settle it here today. Now that the question has been raised it may provide for some interesting discussion when the bill is in committee.

Hon. Mr. Monette: What if we reversed the position? Suppose we incorporated a company here without giving it certain powers and it went before the Legislature in, say, Quebec, to ask for the right to exercise those certain powers in that province? The Legislature could say: "Well, you have not got those powers in your own act of incorporation. We would be willing to grant you the right to excercise the powers in this province if they had been given to the company by the federal Parliament".

Hon. Mr. Roebuck: Honourable senators, I would like to emphasize that I did not attack the bill in any way, nor did I express any firm opinion. I merely asked for the opinion of my honourable friend from Mille Isles (Hon. Mr. Monette). I do know that our Companies Branch declines to authorize the incorporation of companies whose objectives are educational. Nevertheless, I am satisfied to vote for this bill on second reading and to have it referred to committee, where I am sure great care will be taken to solve the question and to assure honourable senators that we are not overstepping our rights.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Monette, bill referred to Standing Committee on Miscellaneous Private Bills.

The Senate adjourned until Monday, March 9, at 8 p.m.

THE SENATE

Monday, March 9, 1959

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

Prayers.

PRIVATE BILL

BOILER INSPECTION AND INSURANCE COMPANY OF CANADA—COMMONS AMENDMENT

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-8, an Act respecting The Boiler Inspection and Insurance Company of Canada, and acquainting the Senate that they have passed this bill with an amendment, to which they desire the concurrence of the Senate.

The amendment was read by the Clerk Assistant as follows:

Page 3, lines 28 to 35, inclusive. Delete clause 3 and substitute therefor the following:

"3. Each of the three thousand shares of the company issued and outstanding and having a par value of one hundred dollars is hereby subdivided into ten shares having a par value of ten dollars each, so that the capital stock of the company now issued and outstanding shall consist of thirty thousand shares having a total par value of three hundred thousand dollars."

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

Hon. Mr. Brunt: Next sitting.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following documents:

Copy of Order in Council P.C. 1959-278 dated March 5, 1959, together with the annual report of the Board of Transport Commissioners for the year ended December 31, 1958, pursuant to section 31(2) of the Railway Act, Chapter 234, R.S. 1952. (English text).

Report of the Postmaster General for the year ended March 31, 1958, pursuant to section 77 of the Post Office Act, Chapter 212, R.S. 1952. (English and French texts).

Report of the Department of Trade and Commerce with respect to Private and Public Investment in Canada—Outlook 1959. (English text).

Report of the Department of Mines and Technical Surveys for the calendar year 1957, pursuant to section 10 of Chapter 73, R.S. 1952. (English text).

BRITISH WEST INDIES

ECONOMIC MISSION OF CANADIAN CHAMBER OF COMMERCE—DEBATE ADJOURNED

Hon. Calvert C. Pratt rose in accordance with the following notice:

That he will draw the attention of the Senate to the Economic Mission of the Canadian Chamber of Commerce to the British West Indies, and will place before the Senate information obtained in the discussions with representatives of industry and government in Jamaica, Trinidad, Barbados and British Guiana which has a relation to policy of the Government of Canada in that area.

He said: Honourable senators, I feel it will be of interest for me to bring to your attention a recent Canadian Economic Mission to the British West Indies. It was my privilege to be a member of that Mission, which was under the sponsorship of the Canadian Chamber of Commerce. The main objective was to assist in the development of increased trade between Canada and the British West Indies. In the Canadian membership there were eight representatives of commercial organizations of national importance, seven of banks, eleven of leading manufacturing industries, six of distributing companies and seven representing transportation, insurance and communication services. It was fortunate that the Mission had accompanying it the Associate Deputy Minister of Trade and Commerce, Mr. J. A. Roberts, and also Mr. C. R. Stollmeyer, Commissioner to Canada from the Federated West Indies, British Guiana and British Honduras. The President of the Canadian Chamber of Commerce, Mr. A. C. Ashforth, was the head of the mission and rendered outstanding service. The Canadian organization's counterpart, the Incorporated Chamber of Commerce of the British Caribbean, led by their President, Mr. A. C. Hale, was most co-operative, as were the chambers of commerce and heads of government in each of the meeting places. The meetings were held over a period of nearly three weeks in Jamaica, Trinidad, British Guiana and Barbados. It was very appropriate that the arrival of the Mission in Jamaica was timed for the opening of the Canadian Trade Fair at Kingston. That was a most impressive event, and it has already been described very fully by the honourable senator from Southern New Brunswick (Hon. Mr. McLean) in this house.

In each of the places visited discussions were held by joint committees of representatives from Canada and the West Indies on specific subjects. The subjects discussed were exports from Canada to the West Indies, imports from West Indies to Canada, tourist development, exchange problems, investment and technical assistance, transportation and communications. There was a full and very frank exchange of views on what is required to build up trade in the mutual interest. No punches were held at any time in pointing out the neglects and failures by either side. The viewpoint punches were sometimes softened by the free-for-all rum punches hospitably passed out by our friendly hosts.

The discussions resulted in the gathering of much information and in an exchange of views which, it is hoped, will be helpful in influencing sound trade policy as directly applicable to business and governments in both areas.

In the words of the President, Mr. Ashforth, the purpose of the Mission was:

—to develop closer relations between Canada and the West Indies and to determine at first hand the problems involved in expanding and developing trade between the two countries.

To continue with his statement:

Canadian businessmen realize the new Federation needs to earn more dollars, needs more investment and also technical assistance to build up its economy—the more prosperous this economy, the more attaractive is the market for Canadian goods.

It is apropos also to refer to a statement in the *Barbados Advocate* to the effect:

That the Mission was the result of an invitation extended to Canadians when representatives of Canada attended the inauguration of the federal Parliament last year in Port of Spain, Trinidad.

It was also a logical following up of the discussions of the Commonwealth Trade Conference of 1958, which dealt with the development of West Indies trade.

As I mentioned a moment ago, the welcome given to our delegation was very warm and meaningful; and, to use the words of the Prime Minister, Sir Grantley Adams:

As close as relationship is between us, still closer ties are desirable.

It was also expressed that next to the United Kingdom, Canada has the closest traditional trading relations with the British West Indies. That began in the trading of lumber and flour in the early period of settlement in eastern Canada and was preceded in the still earlier years by salted codfish shipped from Newfoundland, which was paid for chiefly by sugar, rum and molasses.

As a matter of general background of what I want to deal with, I shall refer for a moment to the Federation itself. As you know, British Guiana and British Honduras have so far remained outside of the Federation. While the other colonies have entered into union with each other, that union in some practical aspects is still very indefinite and indecisive as we in Canada consider federation of provinces. Each of the colonies has its own advantages and disadvantages in relation to the other. The normal differences in the economy and outlook in the colonies still results in customs tariffs and immigration laws being maintained between the various units. While these trade and population restrictive movements still exist, an over-all Canadian trade policy as between governments is somewhat difficult.

Currency matters were brought up for discussion everywhere we went. There are two currencies: the sterling of Jamaica, and the West Indies dollar for the other areas. That in itself does not create difficulty, because the relative values are fixed. The over-all decisions regarding currency clearances for imports requiring dollar payments are made in England. The administration, as far as Canada is concerned, is the responsibility of the Department of Trade and Commerce.

Hon. Mr. McDonald: May I ask a question? Is there any difference in currency payments as between purchases in Canada and purchases in the United States?

Hon. Mr. Pratt: Yes, there is a very marked difference. West Indies purchases from the United States can be made with far less strings attached for payment than can purchases from Canada. In Canada, except for some basic products, exporters have to arrange for allocation of dollars before shipping, which means actually before the orders can be confirmed.

I will summarize it in this way. A salesman goes to the West Indies from the United States and when he books his orders he or the customer can go to a Government department in Jamaica, Barbados or wherever it is and arrange for the dollar payment. A salesman goes in there from Canada and except for a limited number of articles, as I have said, the sale cannot be confirmed to the customer until the order is reported to the appropriate officials in Ottawa and, after consideration of many factors involved in the policy of currency clearance arrangements, a decision for or against is arrived at. With United States orders the clearance is almost automatic; with Canadian orders it is complex and delayed.

Shipments of Canadians goods with a few commodity exceptions are still on an allocation basis. What is known as the British West Indies Trade Liberalization Plan came into effect in January, 1950, when the sterling area was severely affected by a shortage of hard currency. The Plan could be more correctly identified by calling it the Dollar Liberalization Plan of a token nature. In 1952 the list of products that might be imported from Canada was extended and quotas increased. In recent months some further concessions have been made. What are in effect import permits into the British West Indies are issued to individual Canadian firms and many of them still have a relation to each importer's average annual sales over a base period of 1946 to 1948. There are some essential products, such as flour and fish, which are on Open General Licence and do not require an import permit. In 1957 there were

700 Canadian firms participating in the so-called Trade Liberalization Plan. They were all subject to the scrutiny and complex considerations arising out of preferences for certain commodities and having regard to past records of volume each firm may have shipped. No matter how efficient the administration may be, no one can think up a more frustrating procedure for an exporter who wants to get out and sell more goods. With Canada's imports from the British West Indies being nearly 60 per cent more than exports—as in 1957—it is hard to understand why that system is allowed to exist. How can there be enterprise to sell under such a system? There should be a very firm approach to the United Kingdom authorities to have this corrected.

At joint meetings of the Canadian Mission and the West Indies delegations a motion was passed to the effect that the British West Indies Trade Liberalization Plan has outlived its usefulness, and to meet the present-day requirements the Plan should be terminated, and that in respect of currency provisions there should be complete freedom of trade. Our West Indies counterparts were very strongly in favour of this termination and they are making official representation to their Governments to that effect. There were very definite statements of opinion that trade with Canada should be outside of the general application of sterling contractual agreements. I feel very certain that if that one correction alone in the trading relations could be brought about as a result of these representations, then the Mission will have been of tremendous value.

Another matter on the inter-Governmental level to which I would refer now is the tariff agreements between Canada and the British West Indies. Back in 1898 Canada provided the first tariff preferences. The first Canada-British West Indies Trade Agreement came into effect in 1912. In 1926 there was an agreement whereby the Canadian duties on British West Indies products, excluding alcoholic liquors, should not be more than 50 per cent of duties imposed on similar goods under general tariff rates. The West Indies in turn agreed that their custom duties on Canadian goods should not be more than 50 per cent to 75 per cent on similar products from a foreign country. In 1927 the agreement was tied in with the most-favoured-nation rates. It is a natural conclusion that there was more progressive policy action in Canada in those days in respect to the British West Indies than in recent years. It was in 1926 that the Canadian West Indies Steamship service was set up to augment the mutual tariff arrangements and other mutual concessions, while it was in 1957 that the Canadian National Steamship service was abandoned. It does seem that as and when Federation comes into more practical operation there will be opportunities for further improvement in policy for the extension of our two-way trade with the West Indies.

There have been many public references in our country favouring a customs union between Canada and the West Indies. That unquestionably has to wait for practical consideration until there is internal free trade, a common tariff and uniform customs laws and administration within the Federation itself.

The Commission of Investigation under the leadership of Sir William Croft, which functioned after the London Conference of 1956, recommended a graduated customs union and suggested a transitional period of five years. A great many conflicting interests have to be reconciled before it can be brought into effect. The Commonwealth Trade and Economic Conference in Montreal called for a revision of the existing Canada-West Indies Trade Agreement. The full extent of a revision will depend on the progress that will be made toward customs union within the West Indies.

Economic progress of great importance is under way in some of the islands and is far beyond what is generally realized. As an illustration of that progress I would cite the *per capita* earnings in Jamaica, which have more than doubled in six years. It was stated recently in the *Kingston Gleaner* that the gross national product of the island had increased 221 per cent from 1950 to 1956. Investment capital from the United States and Canada is contributing greatly to this improvement in the island's economy. Tourist traffic also adds greatly to its progress. The number of tourists to Jamaica, as reported, was 105,000 in 1952, 160,000 in 1957 and about 180,000 in 1958.

Hon. Mr. Crerar: Were these Canadians?

Hon. Mr. Pratt: Five per cent were Canadians; 95 per cent were from other countries.

Jamaica is served by eight international air lines. In 1954—I mention this just to put on record and bring our minds to bear on the progress which is being made, because it ties in with the opportunities for Canada to do business there—Jamaica had 13 shipping lines using the ports. Now there are 20. With about half the population of the Federated West Indies living in Jamaica, these facts can be taken as indicative of progress generally in the area.

It may be of interest here to mention that while we were in Barbados the Minister of Finance announced that a loan of 2½ million pounds which was put on the London market was taken up immediately; in fact, the applications for subscritpions totalled 50 million pounds, or twenty times the amount of the issue.

Hon. Mr. Macdonald: What was the interest rate?

Hon. Mr. Pratt: I don't know. But what impressed us was the fact that the international credit of that colony was so good as to have an oversubscription of that size.

Some parts of the British Caribbean are gearing up mainly to industrial development, and other parts more to tourist trade. There is a margin of economic safety in that a good balance as between industry and tourist trade is being established. A distinctive mark of progressive policy is the industrial development laws, which lighten taxation for newly-established industries and assist in the education of industrial personnel. I would mention as a further example of progressive outlook that Trinidad, through its Industrial Development Corporation, is now proceeding with a $6 million allocation to lay out an industrial site for future leasing to manufacturers. Jamaica also has a widely operating industrial development organization. The Association of Sugar Estates of British Guiana has a very up-to-date plan in operation for the improvement of educational and general welfare services of its employees.

In the whole of the British West Indies there is a vast extension of educational facilities for the children. A mark of mutual helpfulness which I am sure everyone of us warmly welcomes is that one thousand students of the British West Indies are at present enrolled in Canadian universities.

For many years I had been a frequent visitor to all parts of the West Indies in connection with the Newfoundland-West Indies trade, and it is most interesting to see in recent times the great changes that are taking place in economic and social life in the islands. It is true that, by Western comparisons, there is a tremendous lot yet to be done, but undoubtedly great progress is under way. Don't misunderstand me, I am not trying to show that there is any evidence of an "Eldorado" down there. British Guiana has 20 per cent of its working force unemployed. All I am saying is that a progressive movement of great importance is under way and in our relationship with the West Indies we should keep in line with it.

I have spoken in somewhat general terms on conditions as one observes them in the West Indies. Now I would like to revert more specifically to some of the aspects of Canada-West Indies trade.

Canada's imports from the British Caribbean area in 1957 were of the value of $80 million, and its exports $51 million. Our principal items of import were sugar and molasses, valued at $39 million, and bauxite and aluminum, $32 million. Our exports were far more diversified, the leading items being wheat flour, $8 million; salted and pickled fish, $6 million; textiles, $2½ million.

Canadian exporters are regarded by the West Indies trade as lacking in sales enterprise. I feel sure that the procedure of currency clearances and quota system to which I referred has a lot to do with that. In our discussions, comparisons between the sales promotional efforts of the other countries and Canada were often made. At one conference meeting it was expressed this way: "Our mail boxes are crammed full of catalogues and price lists and offerings from the United States, but practically nothing comes in from Canada. Commercial travellers from the United States are everywhere offering their goods, but we see very few Canadian salesmen."

Perhaps the best illustration one can give of the confusing procedure required for shipment of most lines of goods from Canada to the British West Indies is the fact that, of 96 Canadian firms exhibiting at the Trade Fair, letters of indemnity had to be given for the release of 50 shipments. It would appear that 50 of the exporters who wished to develop trade there did not know the normal requirements, or I should say abnormal requirements, for the entry of goods from Canada into Jamaica. As I said, the free flow of trade is hampered by the continuation of the outdated currency regulations.

The United Kingdom is now doing 25 per cent more import and export trade with the British West Indies than the United States and Canada combined and 2½ times more than that of Canada alone. That may not be too significant, but what does impress one is that between 1949 and 1957 Canada's share of the trade in the Federated territory only has been declining steadily year by year and in those eight years fell from 15 per cent to 10 per cent of their total imports.

A still more impressive fact is the greater decline of Canadian exports to the whole British Caribbean area. In the sum total of imports into the British Caribbean, Canada's percentage of drop-off is alarming. I shall use the period of 1948 to 1956 for the comparisons. During those years Canada's share of total imports fell from about 21 per cent in 1948 to 11 per cent in 1956, a drop

of nearly 50 per cent. The United States' share declined from 18 per cent to 16½ per cent, a drop of only 1½ per cent. Imports from the United Kingdom and other sterling areas rose from 44 per cent to 48 per cent, and from foreign countries generally they went up from 17 per cent, to 24½ per cent.

This is really something to think about, when we recall the tremendous increase in the purchasing power of the West Indies in which Canada is not participating. It is ironical that the share of exports to the West Indies should drop off so drastically in a period when Canada's percentage of purchases from these colonies was well maintained.

Hon. Mr. Brunt: May I interrupt to ask the honourable senator a question? Has he any idea on what commodities the purchases fell off?

Hon. Mr. Pratt: I was referring to the percentage of fall-off in relation to the sum total of imports in that area and not to a sum total of difference in the yearly sales from Canada. I was remarking on the increased purchasing power of the area, and pointing out that in relation to the growing importations our percentage fell off.

Hon. Mr. Brunt: In other words, we did not get our share of the increase?

Hon. Mr. Pratt: That is just the point I am trying to make.

A matter of grave implication came to our attention. It has to do with the fall-off in shipments of wheat flour from Canada to the British West Indies, caused by wheat export subsidies paid by the Government of the United States. The exports of Canadian flour to the area dropped from a value of $9,700,000 in 1956 to $8,200,000 in 1957, a drop of $1½ million in one year. Flour from the United States in the same year increased from a value of $6 million to $7,600,000, almost an exact pick-up of the drop from Canada. A policy had been adopted in the United States to pay exporters a subsidy for the express purpose of outbidding Canadian competition. This subsidy is separate and apart from the usual assistance paid to grain growers. Unquestionably, Canada had to do something about it, and has recently applied an export allowance on flour to meet the American subsidy. About 25 per cent of the drop was recovered in 1958. To regain the export value of 1956 the export allowance might run well over $1 million. The imponderable thing, however, is where this will stop. Will the United States hit back by further increasing its subsidy?

To have Canada and the United States outbidding each other in export subsidies, and particularly on products that are nationally controlled, is a hopeless situation. Surely this calls for some high-level talks and, indeed, some trumpet blasting.

Transportation between Canada and the West Indies was constantly referred to by our West Indies friends at the conferences. The cessation of the Canadian National Steamship services seemed to be a matter of general regret, notwithstanding that there are some very progressive and up-to-date services from Canada to the West Indies. What is not provided is a service to develop an industrial traffic that has great potential value, but which is frustrated and prevented by lack of transportation facilities. In this connection I refer to the need for refrigerated cargo space. To get this important traffic started some public assistance in one form or another should be forthcoming. The development of such an essential industry in these times of modern development should not be retarded just because it may be uneconomic at present for private capital to institute the service.

Supermarkets and cold storage retailing services are spreading everywhere down there. Some American airlines are flying refrigerated cargo planes to the islands every day. The greatest supply source of Atlantic fish—Newfoundland—has no regular direct service, not even for dry cargo, and this is so notwithstanding that fish is the second largest item of exports from Canada. Frozen fillets of fish, packed in Canada and sold to the United States, are shipped to the British West Indies. It definitely requires some public support in order that such a service between Canada and the West Indies may be brought into being to speed up a promising development.

We heard very appreciative comments on the Canadian Government announcement of a grant of $10 million out of which two ships are to be built for the inter-island service in the Caribbean. This grant was referred to by a leading official in the Caribbean as "a gift from a fairy godmother". That fanciful approach can be avoided by working into that "generous gesture" a connecting service for specialized industry, including frozen food products between east coast ports of Canada and the West Indies. Just to give two ships and say "Here, these are a present," is sheer nonsense. To say "We are giving you two ships and we are laying plans to have them used to the mutual advantage of both countries," would be good common sense. That common sense might be best displayed by organizing a connecting service from Canada of a specialized nature. I can say our friends in the West indies would appreciate something properly planned in our mutual interest more than a mere handout.

There are many other matters to which I would like to refer, but I shall use future opportunities for dealing with them from time to time.

In reviewing the matters arising out of the Mission I have frequently expressed opinions as to policy. I want to say that the opinions and views I have expressed are my own and are not to be construed as being the official stand of the Canadian Chamber of Commerce on any such matters. I am not speaking officially for the Chamber, by any means, although I feel quite sure there would be no great objection to anything I have said.

Honourable senators, notwithstanding all the emphasis I have placed on the Canada-West Indies trade, and the strong commonwealth sentiment in which we all share, we must keep a properly balanced outlook on our trading relations elsewhere. I wonder, at times, if the extent of the preference we give on sugar from the British West Indies is fully appreciated by our friends in the West Indies. Canada imports from the British Caribbean 200,000 to 300,000 tons of raw sugar annually. By reason of the preferential duty the price to the refineries in Canada is lower than elsewhere. The price to refineries in New York is 30 per cent higher than in Canada, and in London, England, it is 8 per cent to 10 per cent higher than here. This preferential duty, which does not apply to other areas in the Caribbean, presents the equivalent of a subsidy from Canada of about $5 million a year.

The larger populated areas in the Caribbean, such as Cuba, Puerto Rico, Dominican Republic, Haiti and other places are also very vital to our Canadian trade.

Without lessening our interest in the British West Indies, which I would not suggest for one moment, I say, however, that we should keep a balanced outlook on the opportunity to trade through the whole area. There are areas down there where both large population and purchasing power give us greater opportunities for mutual trade than we are availing ourselves of. I do think that industry and government should collaborate and work very closely together to make much fuller use of the natural trading opportunities that exist for Canada, not only in the British West Indies, as important as they are, but in the whole Caribbean area.

Hon. W. Ross Macdonald: Honourable senators, we have listened to a very interesting address by the honourable senator from St. John's West (Hon. Mr. Pratt). In fact, as he was speaking, I felt that if for no other reason than the climate of West Indies at the present time, we would all like to be there just now. However, that is not our good fortune. It is, however, the good fortune of one honourable member from this house, who is very much interested in trade with the West Indies. Honourable senators will recall that on February 5 last the honourable senator from Southern New Brunswick (Hon. Mr. McLean) also delivered a very interesting speech on the Canadian Government Trade Fair in Kingston, Jamaica. While the honourable senator from St. John's West was speaking, it occurred to me that the honourable senator from Southern New Brunswick would probably be able to add to the remarks which were made tonight. I have here a card from him, in which he states, among other things:

> The Canadian Trade Fair opened Friday, and so far has been a great success. There are about 100 Canadian exhibitors at the fair.

Honourable senators, I would like to adjourn the debate tonight for the honourable senator from Southern New Brunswick.

On motion of Hon. Mr. Macdonald, for Hon. Mr. McLean, debate adjourned.

ST. LAWRENCE SEAWAY AUTHORITY BILL

SECOND READING

The Senate resumed from Tuesday, March 3, the adjourned debate on the motion of honourable Mr. Choquette for the second reading of Bill C-25, to amend the St. Lawrence Seaway Authority Act.

Hon. W. Ross Macdonald: Honourable senators will recall that on Tuesday last the honourable senator from Ottawa East (Hon. Mr. Choquette) delivered a very comprehensive and informative outline of this bill. I will not go into it in great detail, but he pointed out that the purpose of the bill was to increase the amount which could be borrowed by the Seaway Authority from $300 million to $335 million. He further pointed out that this project is a gigantic one, and that it not only involves the construction of a channel which will lead from the Great Lakes to the ocean, but that there is also connected with it a great development for the production of power.

Honourable senators, the production of power along the St. Lawrence is being undertaken by the provinces and by the states. I mention that to point out that it is not a federal undertaking. The production of power is a very important feature of this development and it will mean a great deal toward the increase of manufacturing facilities throughout the province of Ontario. Power has been developed at the present time to a very large extent and is already being delivered.

The seaway is one of the greatest of its type in the world, and I think that Canadians can take great pride in the fact that it is being constructed because, honourable senators, if it had not been for Canada it is doubtful if the seaway would ever have been started, and it is certain that it would not have been completed at the present time.

I have no idea who first conceived of this seaway, and I do not intend to make this a political speech in any way whatsoever. In the first instance I am not very good at making political speeches, anyway. But this one has no political import. It was certainly before 1920 that someone thought of this project. How many years before 1920 I cannot say, but in that year it was referred by Canada and the United States of America to the International Joint Commission. So, honourable senators, this project has been studied for the last thirty years, and probably for the last fifty years, not only by engineering experts recognized for their skill in our two adjoining nations, Canada and the United States, but also by engineers of world renown. The fact also is that it has been studied by outstanding economists of the world, and by experts in constitutional matters.

As I said, in 1920 the project was referred both by Canada and by the United States to the International Joint Commission. Then in 1932 Canada and the United States signed the Treaty of Washington. This treaty provided for a 27-foot waterway from Montreal to the head of the lakes and was known as the two-state development. I am not going into these details to any great length. In fact, not being an engineer, I know it would be impossible for me to explain the engineering features to this house, where we have a number of those who are well informed on engineering projects. I refer especially to one of our new senators, the honourable senator from Edmonton, (Hon. Mr. Buchanan), who, I understand, has had great experience in problems probably not so vast as this one, but nevertheless very important projects in northern Alberta.

The treaty, as I say, was entered into in 1932 but great progress was not made for the reason that the treaty was not ratified by the United States Senate. As honourable senators are aware, in the country to the south of us the Senate does not always do what is done by the House of Representatives.

In 1941, the Treaty of 1932, not having been ratified, Canadians were becoming slightly impatient with the delay and approached the United States Government again. So in 1941 another agreement was entered into, known as the Great Lakes Agreement. This covered a deep waterway from Montreal to the head of the lakes.

Well, honourable senators, that agreement was never ratified either. I do not say that it was refused ratification by the Congress of the United States, because I doubt if it ever reached the Congress, but in any event no action was taken on it officially by the Government of the United States in their Congress, so Canada then decided that if it were possible this country would construct the seaway itself. And that is why I say that if it were not for Canada this Seaway would not be opened on June 26 of this year.

On December 21, 1951, an act to establish the St. Lawrence Seaway Authority, which had been passed by both houses of Parliament, was assented to. I have not looked up the debates, but I am satisfied that it was not a party issue. That act provided for an all-Canadian seaway from Montreal to Lake Erie. So you see, honourable senators, that after all those years it was finally decided that if necessary Canada would go it alone. But when the United States found that Canada was about to go it alone, it took a sober second thought and decided to come along with Canada. The Congress of the United States decided by an act passed in 1954, known as the Wiley-Dondero Act, to set up an American agency to build all the navigational facilities in the International Rapids section lying in the American territory. Later that year representatives of the two countries met and agreed that the United States would build a canal and two locks in the international section, and Canada a canal and one lock in the same section. That is, they would divide the work in the international area.

So, honourable senators, the two countries finally agreed to go ahead with the St. Lawrence Seaway, a project to consist of a 2,000-mile channel, 27 feet in depth, enabling 25-foot craft to move up the Great Lakes, and also of course to allow Great Lakes freighters to come down to the Maritimes.

Hon. Mr. Reid: I thought the channel was to have a 30-foot depth?

Hon. Mr. Macdonald: It has a depth of 30 feet at certain places in canals, because it was felt that a craft with a 25-foot draught would require more than a depth of just 25 feet. I am not a sailor, and so am not familiar with all these matters, but my honourable friends from the east coast and from the west coast, including the honourable senator from New Westminster (Hon. Mr. Reid), will understand what I am trying to say.

Honourable senators, I do not wish to let this occasion go by without paying tribute to a Canadian who has taken a very great

interest in the building of the seaway, a young man who came into Parliament, as I did, in the year 1935, and became a minister of the Crown. I am referring to the Honourable Lionel Chevrier. He resigned from Parliament to take on the very difficult and onerous task of President of the St. Lawrence Seaway Authority, and from 1954 until 1957 he gave of his time and talents unselfishly to the development of this great project, which is going to mean so much to Canada and to the world. I feel, honourable senators, that we should recognize the effort which any one puts into a work of merit. Now that the seaway is about to be completed, I would recommend to the Authority that it would not be amiss to show recognition in this instance by naming some part of the seaway—one of its canals, locks or channels—Chevrier Lock or Chevrier Channel, as the case may be. I believe it would be an excellent way of recognizing what the Honourable Mr. Chevrier has done for Canada in this great undertaking.

Hon. Mr. Roebuck: Hear, Hear.

Hon. Mr. Macdonald: Honourable senators, as with all things that are worth while in a country like Canada, there is always a part of the country where the people cannot be enthusiastic about what is taking place in another part. In a far-flung country like ours where there are so many different interests, there is bound to be some concern in certain parts of the country as to what effect the seaway will have on the economy of that particular section.

I would remind honourable senators of the very able speech made a few nights ago by the honourable senator from Halifax North (Hon. Mr. Connolly), in which he expressed alarm as to what effect the seaway might have on the Maritime provinces. I think perhaps most of us share his concern to a certain extent. As reported at page 270 of the Senate *Hansard*, he expressed fear that the seaway might destroy certain ports on Canada's east coast. We all hope that will not be a result of the building of the seaway. Indeed, we will be deeply disappointed if it results in destroying the economy of the ports in any part of Canada. I am sure I speak for all honourable senators when I say we will do everything in our power to see that such a result does not come about. Such a result would grieve us who come from other parts of Canada just as much as it would our friends from eastern Canada. Indeed, I am sure that those who live on the west coast and those who live on the east coast are equally concerned about each other's welfare.

Now, honourable senators, not all those who live on the east coast are as disturbed about the possible effect of the seaway as is the honourable senator from Halifax North. I have in my hand a copy of the Halifax *Chronicle Herald* of March 3, which carries this headline in large type on the front page:

See Seaway Boost to Port Trade.

That is contrary to the opinion expressed by the senator from Halifax North. I may say I am not entering into this discussion or taking sides on it. I merely mention it to show that there are different opinions.

Hon. Mr. Isnor: May I inquire as to what ports the headline refers to?

Hon. Mr. Macdonald: I will read the article, if my friend wishes. It goes on to say:

The St. Lawrence Seaway project, which will be officially opened in June, will be a boost to cargo tonnages passing through the port of Halifax, in the opinion of Captain Harold Tuzo, Halifax harbour master.

I could read the whole statement, but as I say, I am not arguing the point.

Hon. Mr. Farris: Does he support it by reasons?

Hon. Mr. Macdonald: Yes, he does support it by reasons, and I would be glad to read them.

Hon. Mr. Isnor: There are of course differences of opinion.

Hon. Mr. Macdonald: Yes, there are.

I am not saying that the building of the seaway will help the port of Halifax, nor am I saying it will harm it. I do not know. I am hopeful that it will not harm that port. Before I conclude my remarks I hope to make a suggestion, in keeping with the suggestion made by the senator from Halifax North, to ensure that the port of Halifax is not hurt. At the moment I am merely pointing to the difference of opinion between two experts.

I would also point out that the seaway will not be open for navigation for more than eight months, any more than the lakes and canals are now open for that period; and that after the completion of the seaway ships will be able to carry their grain and wares from the head of the lakes for not more than eight months of the year, and for the remaining four months any shipments from the west or from Ontario and Quebec would have to go by rail to the Maritimes, as they do at the present time.

Honourable senators will say "Oh yes, in future there will be year-round sailings on the St. Lawrence". I believe the honourable senator from Halifax North said that, with

the coming of the atomic age, the ice will be blown out of the St. Lawrence and ships will sail to Montreal throughout the winter. Well, if ice can be blown out of the St. Lawrence it can also be melted in the canals, and throughout the seaway, and indeed up to Fort William. So, with or without a seaway, in the atomic age, even with the waterway in its present condition, it will be possible to sail from Fort William down through the Great Lakes and the canals. Therefore I cannot see that the atomic age, if and when it comes about, will make any difference to shipping along the St. Lawrence, whether the seaway is constructed or not.

Hon. Mr. Horner: May I suggest that, whatever is done, the atomic age will make things very difficult for shipping on the St. Lawrence, because it will be possible to use Churchill the year round.

Hon. Mr. Macdonald: That may be so. I do not suppose we can tell what the future has in store for us, but that should not prevent us from going ahead and making use of what we have, hoping that things will be easier for all of us in the days to come.

Another matter which I should bring to the attention of honourable senators from the Maritimes is that the ore shipped from Sept Iles is not going to smelters in the Maritime provinces, and I doubt that it will ever go there. The centres of population and the great manufacturing concerns of Canada and the United States are located in the central areas. It does not seem likely that it will ever be feasible to divert ore shipments from Sept Iles to Nova Scotia, where the coal is, and transport iron and steel fabricated there into the Middle States. If that be so, the building of the canal would not facilitate the treating of iron ore in Nova Scotia for use in the central parts of Canada.

However, honourable senators, having said this, and having listened to the honourable senator from Halifax North, I am not so sure that some loss will not be suffered by the Maritime provinces, and if that should be so, we should do all in our power to compensate them for the consequences of the building of this waterway. I am sure every honourable senator will associate himself with that statement. The other evening the honourable senator from Queens-Lunenberg (Hon. Mr. Kinley) suggested that the Government should consider the desirability of a reciprocal agreement with respect to coastal shipping between Canada and the United States. I believe the honourable senator from Vancouver (Hon. Mr. McKeen) intimated at one of our committee meetings the desirability of a similar arrangement affecting shipping on the Pacific coast. To my mind the suggestion of the honourable senator from Queens-Lunenberg is a very good one. I hope the honourable Leader of the Government in this house (Hon. Mr. Aseltine) will bring it to the attention of the Government of the day.

In his speech here on March 3 the honourable senator from Halifax North spoke in part as follows, as reported in *Hansard* at page 270:

> I think also of the extra $35 million of borrowing power asked for in this bill, and I say to myself: What wonders could be accomplished in the neglected Atlantic region of this country if those 35 million dollars were to be spent there in industrial research and development!

Honourable senators, if the Maritimes can be helped in this way, surely we can spare an additional $35 million for that purpose, and see what can be accomplished in industrial research and development. I am satisfied that if the Government decided so to allot $35 million it would receive the hearty endorsation of this house.

I return now to the subject of the seaway. I would like to point out that it will be a great advantage not only to Canada, but to other countries, and not least to the Mother Country. Do we realize that 35 per cent of the total population of the United States lives in the eight states which border the Great Lakes and this waterway? At the present time Great Britain sells to the United States goods of the value of $3.90 per head of the population of the United States, while the United States sells to Great Britain goods of the value of $19.60 per head of the population of Britain. At the present time the United States, although it takes only 8 per cent of all Britain's exports, is her greatest customer. By the building of the seaway we shall open a new potential market for Britain in the United States.

In building this seaway we are not only doing something for ourselves but we are also doing something for other countries of the world. We are creating trade, and trade always creates more trade. If there is increased trade in one part of our country the rest of the country will benefit. In other words, if the people in any area of Canada —say, the west coast or the Atlantic coast or the central provinces—are given greater prosperity, then the people in the rest of Canada benefit from that prosperity. That is what I hope the St. Lawrence Seaway is going to do, bring greater prosperity.

Honourable senators, on June 26 this seaway is to be opened. In 1956 the Prime Minister of that day extended, through the Governor General of Canada, an invitation to Her Majesty the Queen to come to Canada to open the seaway. More recently, the Prime

Minister of the present administration sent an invitation to the President of the United States to come to Canada to join with Her Majesty in opening the seaway. I am sure we are all happy that both invitations have been accepted. On June 26 a great historic event will take place in this country. It will probably mark the first time in world history that a President of a great republic and the Monarch of a great democracy will have met, not at the seat of government of either of those countries but in another country, to join together in opening a great project. The opening of the St. Lawrence Seaway by Her Majesty the Queen and the President of the United States should serve as an example to all the world that the peoples of different nations can live in harmony and work together not only for their own benefit but for the benefit of all mankind.

Hon. Austin C. Taylor: Honourable senators, it was not my original intention to speak on this bill but, after listening to the eloquent, masterly and impressive speech made a few days ago by the honourable senator from Halifax North (Hon. Mr. Connolly), I felt I should express some of my own thoughts and observations in connection with the bill. I hasten to admit that I cannot match his fluency and impressiveness, but I do maintain that I am just as sincere in my analysis of the situation.

I had intended discussing some of the matters dealt with by the honourable senator from Halifax North, but they have already been covered most eloquently and completely by the honourable Leader of the Opposition (Hon. Mr. Macdonald). However, there is another aspect about the St. Lawrence Seaway to which I would like to make reference. My main purpose in speaking on this bill is to urge upon the Government of the day, through the Leader of the Government in, this house (Hon. Mr. Aseltine), to start work immediately on the eastern terminus of the seaway by constructing the Chignecto canal. There are some who may doubt the advisability of beginning this project without further engineering investigation and surveys but, honourable senators, let it be remembered that the Chignecto Canal project has been under study and investigation since 1686. It was even then recommended by Jacques de Meulles, administrator of New France, and down through the decades, even centuries, to the present time, between 10 and 12 actual surveys have been made. It is significant to note that every one of them recommended the project as feasible and of great economic value, not only to Canada as a whole but more particularly to the Atlantic region. It may also be of interest that at one time, I believe it was in 1871, tenders were called for the construction of the Chignecto Canal but no contracts were awarded.

In the report of the Royal Commission headed by Sir Hugh Allan, in 1871, there appears some very interesting data. I do not intend to go into it in detail but I should like to place on the record one or two references. I quote:

> A steamer laden with flour destined for Saint John N.B., now goes down the Gulf as far as Shediac, where the cargo is transported by rail to its destination. The total distance by water from Shediac through the Gut of Canso and around the coast of Nova Scotia to the Bay of Fundy as far as the commercial capital of New Brunswick—

which was Saint John at that time—

> —is about 600 miles and the consequence is that there is little or no direct communication between the Bay of Fundy ports and those on the River St. Lawrence.

I might point out that the first railway built in the Maritime provinces ran from Saint John to Shediac. That is why Shediac has been referred to there.

> Via canal through the Isthmus the distance from Shediac to Saint John will be not more than 100 miles.

Therefore, once the Chignecto Canal is built it will reduce by 500 miles the journey from the St. Lawrence River down to the eastern seaboard of Canada and the eastern United States.

In concluding their report the Allan Commission said:

> In urging this policy of canal enlargement and expansion upon the favourable consideration of the Government, the commissioners feel that it is the one which will best stimulate the commercial development of the whole dominion, and bind all sections together in the bonds of mutual amity and interest.
>
> The expense of these improvements will be insignificant to the direct benefit Canadian commerce will receive, and will be immediately met by larger revenue that must accrue from the tolls of a vastly increased traffic.

Speaking before the Women's Atlantic Council in Saint John, New Brunswick, on May 8, 1958, Mr. Per Hall, President of Foundation of Canada Engineering Corporation Limited, Montreal, who incidentally has made a close study of all reports, said, and I quote:

> What Sir Hugh Allan said in 1871 holds true today. The key to development of the industrial economy of the Atlantic provinces is low cost transportation and, I should like to add, power, and there can be little doubt but that the provision of the facilities suggested above would have a very favourable impact on the economy of the Atlantic provinces. Therefore, in studying the Chignecto Canal scheme we should not think simply in terms of what portion of present traffic could be diverted through the canal but rather we should base the studies on increased

traffic which would be generated by new industrial developments in the whole region which would follow in the tracks of the construction of such a waterway and power producing facilities.

In conclusion, I submit that the conditions for the construction of a deep sea navigation channel through the Chignecto Isthmus are as favourable at the present time as they ever will be. The time has come to take a good, hard look both at the costs and at the benefits to the country of this development.

Honourable senators, I realize I am not an engineering authority. At the same time I have studied many of the reports, and I am personally convinced that the project is a sound one, and that if constructed it will further enhance the value of the St. Lawrence Seaway for all of Canada, and more particularly for the Atlantic region. If I may be permitted to say so, I am firmly convinced that it is just as economical a project as the building of the South Saskatchewan dam, when one takes into consideration that the Chignecto Canal project, even as late as 1958, was estimated to cost between $80 million and $100 million, compared to an estimated cost of the South Saskatchewan dam of over $200 million—the building of which will only benefit a part of the population in that province; whereas the Chignecto Canal project will benefit every citizen of Canada indirectly and will benefit directly all citizens of the Atlantic region, which comprises some 100,000 square miles with a present population of approximately two million.

Honourable senators, if by any stretch of the imagination the Government of the day is not convinced that sufficient data is available to determine the feasibility of this project, then I would urge the Government, in the strongest possible language at my command, to authorize and set in motion at once a thorough and complete survey and investigation regarding its potential in transportation advantages, as well as the electric power possibilities, and by so doing settle once and for all its economic possibilities. If after this is done and the report indicates that the project is feasible, then I urge that no time be lost and that construction start immediately.

Hon. Mr. Brunt: I understand that a survey is underway at the present time.

Hon. Mr. Taylor: Yes, I believe there is; but I do hope this survey will determine definitely the feasibility and practicability of building the Chignecto Canal.

Honourable senators, there is one phase of the St. Lawrence Seaway I would like to mention before I sit down. I think we are all agreed that the life blood of Canada is in her export trade. I think it is agreed also that we have reached a time when competition is becoming very keen and it is more difficult to sell in those countries to which we have sold traditionally. One other purpose, and I believe the whole purpose, of the St. Lawrence Seaway project was to provide cheaper transportation, not only in the export field, but in the domestic field as well. The honourable senator from Halifax North (Hon. Mr. Connolly), in speaking the other day, referred to the fact that on the shelves of every home in the Atlantic provinces would be found goods manufactured in central Canada. I am one of those individuals who believe in the greatest liberalization as possible of trade, not only between one country and another, but domestically as well, and while I hope it may be that we can produce and manufacture more of those goods in the Atlantic provinces, I hope the time will not come that it will be said in the Atlantic region, or in any other region, "We don't want to trade with any other part of Canada."

Honourable senators, in concluding, I wish to summarize my remarks by saying that I wish first to state that I am wholly in accord with this bill before us. This bill has been supported by over 500 elected representatives of Canada, including all the representatives from the Atlantic region. We have already spent $270 million on this project. Surely we are not going to stop now. And I am not minimizing the influence that it is possible that my honourable friend, with his fluency and impressiveness, might exert upon many in this chamber to vote against the bill, but I think this bill should be supported unanimously.

Secondly, may I point out that my main purpose in speaking to this bill is to urge in the strongest possible manner upon honourable members, as well as the Government, the necessity for the economic development of the Maritime and Atlantic provinces. Nothing could do more for trade for that part of the country than the construction of the Chignecto Canal.

Hon. G. Percival Burchill: Honourable senators, I have no voice tonight, and I had not intended to make any remarks. However, I should like to add something to what my colleague from Westmorland (Hon. Mr. Taylor) has said. I think he perhaps overlooked something that he probably meant to say, namely, that in the province of New Brunswick we have a great citizen in the person of Mr. K. C. Irving. I doubt if there is any industrialist in Canada who has done more for his province than Mr. Irving has done for New Brunswick. Among the many projects for which he has been responsible is the building of a large oil refinery in the city of Saint John. My honourable friend

on the opposite side, from Saint John-Albert (Hon. Mr. Emerson), representing the city of Saint John, will, I am quite sure, vouch for everything I am saying. If any of us have had any doubt as to the soundness of the Chignecto Canal project, it has been eliminated, to my mind, by the fact of Mr. Irving's enterprise in the construction of this oil refinery. The construction of the Chignecto Canal goes along with and is most important in respect to the establishment of that oil refinery. I heartily endorse everything that my colleague has said, and I wanted to point out how much the oil refinery project depends upon the construction of the Chignecto Canal.

Before I sit down, I wish to say that I was highly impressed, as we all must have been, by the marvellous speech made in this house last Tuesday evening by the honourable gentleman from Halifax North (Hon. Mr. Connolly). I am sorry that only a quarter of the members were present on that occasion to hear what I consider to be one of the ablest speeches ever made in this house, certainly since I became a member. As a Maritimer, I was thrilled, and what he said was absolutely correct.

Honourable senators, this is the point that I think we should bear in mind: We in the Maritime provinces go right along with the rest of Canada in the St. Lawrence Seaway project. We know that it is one of those big projects which go with the development of our great country as a whole, and we heartily endorse it. However, some of us have misgivings whether Canada is justified in spending millions of dollars to keep the ice out of the St. Lawrence River in order to keep it open for navigation in the winter time, to the detriment of the great ports of Saint John and Halifax. That is what we take issue with. We realize that this is a summer project and in line with the development of our great country, but we feel that these huge expenditures to keep the river open in the winter time is a blow at the great national ports of Saint John and Halifax.

Hon. Gordon B. Isnor: Honourable senators, the hour is late, and I shall not be long. I was on my feet a few minutes ago to say some of the things that have since been more ably said, particularly by the honourable gentleman who has just resumed his seat. I certainly would not want to lose the opportunity of saying that I am heartily in accord with the thoughts expressed by the honourable senator from Halifax North (Hon. Mr. Connolly), who in such eloquent terms placed before the Senate the problem in so far as it affects the Maritimes. I can appreciate the point raised by the last speaker (Hon. Mr. Burchill) that we in the Maritimes have no objection to anything that is going to help all of Canada, but to some of us here, and to a great many in the Maritimes, the question in our minds is whether the seaway development is not just one more effort on the part of central Canada to take away from the Maritimes what was promised us at the time of Confederation. At that time a very fine picture was painted: steel rails stretching from the Atlantic to the Pacific were going to be carrying goods from the east to the west. Well, the only thing that those rails have done so far for us is perhaps to take away from the Maritimes some of its very best men and carry them to central Canada and to the extreme west. Men such as the distinguished gentleman on my left (Hon. Mr. Farris) and many others with a Maritime background have gone to the west and central Canada and built up those parts of the country.

It is true that the opening of the St. Lawrence Seaway will not only develop central Canada with its large population—35 per cent of Canada's population, roughly speaking—but it will also open up trade channels for the states bordering on the Great Lakes. I was rather surprised that the honourable Leader of the Opposition (Hon. Mr. Macdonald) stressed that point, that this great development resulting from the spending of $300 million or more as Canada's share of the St. Lawrence development would help to increase trade with the United States. I should think that all interested Canadians would be very much concerned about how they could help the extreme east, with its smaller population and fewer industries, by perhaps assisting us in the development of a steel industry to process some of the large volume of iron ore from Labrador which under present plans will be carried up the St. Lawrence to find its way to the American steel mills. The honourable Leader of the Opposition said that we should be pleased that so much is being done for Canada. I would change that just a little and say that perhaps, as Canadians, we should be pleased to think so much is being done for central Canada. That is the slight difference I would make in his statement.

I asked a few simple questions from the Leader of the Government (Hon. Mr. Aseltine) a short time ago as to the cost of icebreaking operations, and his answers were quite revealing. In two months, or during the period when 13 freighters were frozen hard in the lakes, it cost something like $600,000 to get them free, whereas these ships could have gone into the port of Saint John or Halifax without a cent being spent on icebreaking operations. In addition to that, another ice-breaker was used for a

shorter period to free ships on the St. Lawrence, and the cost ran into an additional $113,000 roughly speaking. But there is still another feature to this, and that is that while those ice-breakers were in the St. Lawrence trying to break the ice—in a rather useless effort, I think, at that time of the year—we were deprived of those ice-breakers in Pictou, Sydney and other places which had need of them to maintain our ferry services connecting one part of the province with the other.

These are some of the things we are just a little fearful about the future. The St. Lawrence Seaway will give immense power to central Canada, with its huge population —when you add the population of Quebec and Ontario together you have about two-thirds of the total population of Canada, and as you think of the population so you think of its wealth. Within a radius of 100 miles of Toronto there are 4.5 million people, and that is where the market is and where wealth is created. I think it has been the tendency in recent years to concentrate nearly everything in central Canada.

As honourable senators will see, I have not referred to any notes. I was a little upset at the manner of approach by our distinguished Leader of the Opposition to this question.

I know that the Minister of Transport must be in accord with the Cabinet in assigning this ice breaker to the St. Lawrence. I am now suggesting to the honourable Leader of the Government in the Senate (Hon. Mr. Aseltine) that the Government seriously consider setting a deadline for navigation on the St. Lawrence, perhaps November 15, and give us a full four- or five-months' trade in the Atlantic ports, even if this would require payment of a bonus, as the late Honourable Mr. Fielding paid many years ago, when he gave a 10 per cent preference on goods being shipped in and out of Atlantic ports.

I mentioned a few moments ago that the hour was late. I had no thought of making any remarks, but I cannot sit silent when central Canada is once again being boosted as the hub of Canada, which it is in a sense, and further expenditures are proposed which will take away from the ice-free ports of the Maritimes the trade to which I believe they have a right.

Hon. Mr. Macdonald: Honourable senators, I rise on a question of privilege.

I must say that the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) must have misunderstood the purport of my remarks. I was not advocating winter traffic in the St. Lawrence River and I have no intention of doing so.

Hon. Mr. Isnor: You mentioned what might develop in the atomic age.

Hon. Mr. Macdonald: I may have mentioned the atomic age, but I merely suggested what might take place in the future, and I do not think we can hold it back. I had no intention of advocating that the Government spend money at the present time on breaking up ice in the St. Lawrence River, and I tried to make it perfectly clear that I would go to full length in doing anything possible to develop the Maritime provinces.

Hon. John G. Higgins: Honourable senators, the senator from Northumberland-Miramichi (Hon. Mr. Burchill) referred apparently to Washington Irving. The name brought me back to the days of Rip Van Winkle, to 1609. Well, at that time Rip Van Winkle was asleep, but he woke up. I think many others have been asleep since. Construction of the Chignecto Canal would save 500 miles of sailing. I would like to inform honourable senators from central Canada and those from the west that 500 miles in my country, Newfoundland, is a tremendous distance indeed. It may not seem much in the great provinces of central Canada and the west, but it means a lot down east. I will give support to any measure for the construction of this canal, and I say it is high time it is built. When the canal is finished Rip Van Winkle will be there, and he will say "I was asleep for only forty years, but you have been asleep for more than three hundred years."

Hon. Jean-François Pouliot: Honourable senators, we were all greatly impressed by the speech delivered last week by the honourable senator from Halifax North (Hon. Mr. Connolly), and we have heard the echo of that speech here tonight. It has been refreshing to feel the breeze of the Maritimes in this chamber tonight. The remarks made by our distinguished colleagues this evening from the Maritimes are but the echo of what was said last week by the honourable senator from Halifax North.

The Maritimer senators who have spoken tonight do not do so as burghers but as Canadians who have a right to what has been mentioned by the honourable Leader of the Opposition (Hon. Mr. Macdonald) to a claim for damages that they could eventually suffer from the operation of the seaway.

I have never been enthusiastic about the seaway. I do not know what will happen as a result of that tremendous work: it may be good, it may be bad. I stand with the party on it, because I have decided to give my party the benefit of the doubt. But what seemed most reasonable to say was that the Maritimers are entitled to compensation by way of the construction of the Chignecto

Canal, which has been asked for over many years. We are told that those well informed about navigation recommend that important work be done at the earliest possible opportunity. The Maritimes are entitled to it.

So, I see no reason why the Government should not start at once the construction of the Chignecto Canal, to show that it is able to do for the Maritimes just as much as the St. Laurent Government did by the building of the Canso Causeway. It is an opportunity for the present Government to show that it has the same good disposition for the Maritimes as the previous Government had.

My honourable colleagues have mentioned visions of fantastic work that brings roars of laughter to this country. If this Government has as much vision as fair play, the Chignecto Canal will be started before the end of the present session, and will show that the Government recognizes the justice of the claim of the Maritime provinces.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Choquette, bill referred to Standing Committee on Banking and Commerce.

Hon. Mr. Aseltine: May I remind honourable senators that the Banking and Commerce Committee will meet tomorrow morning at 10.30.

NATIONAL DEFENCE BILL

SECOND READING

Hon. George S. White moved the second reading of Bill C-27, to amend the National Defence Act.

He said: Honourable senators, this bill amends the National Defence Act. While the bill is brief, containing only four main amendments, the amendments are of considerable importance because they deal with Canadians serving in the armed forces.

The amendments are as follows:

The first amendment is related to the integration of certain aspects of service functions.

The second amendment is designed to make it possible to introduce a new code of evidence for use at courts martial.

The third amendment will afford added protection to persons accused of capital crimes before courts martial.

The fourth amendment establishes a new court to hear appeals from sentences of courts martial and provides for an enlarged right to appeal to the Supreme Court of Canada.

The fifth amendment has to do with the name of the Royal Canadian Air Force in the French language.

I would like to indicate at this time, honourable senators, that when the bill receives second reading I will move that it be referred to the Standing Committee on Banking and Commerce.

I would like to deal briefly with the four main proposed amendments.

Section 1 of the bill will make the integrated service organizations that have been established legal entities to which units, officers and men of the three services may be attached. The medical, legal and chaplain services are now integrated. Other functions or operations of the services that are conducted on a unified basis are dental and postal services. This amendment will make it easier to establish similar organizations in the future.

Section 2 of the bill provides for the repeal of subsection 3 of section 121 of the act, which, by clause 4 of the bill will become subsection 6 of section 162. This amendment is simply for the purpose of improving the provisions respecting voting by members of courts martial.

Section 3 of the bill provides that the rules of evidence at a trial by court martial shall be such as are established by regulations made by the Governor in Council. I need hardly point out to honourable senators who are members of the bar that the law of evidence is one of the most difficult branches of the law. At the present time the law of evidence that is adopted in a court martial proceeding is the law of evidence of the province in which the home of the accused is located. As honourable senators who are members of the legal profession also know, there is no uniform law of evidence that applies in all the provinces; each province has its own evidence act, which is subject to change by the provincial legislatures, and from time to time different interpretations have been given by the various provincial courts.

Members of a court martial, having powers to decide questions relating to the law of evidence, in some instances have not had the benefit of legal qualifications. Of course, in peace time the members of a court martial are advised on questions of law by a Judge Advocate, but this is not necessarily so in time of war. The need for clarification and simplification of this branch of the law for courts martial is shown by the fact that out of 20 cases in which appeals have been allowed by the Court Martial Appeal Board, six were allowed solely because of the misapplication of the law of evidence, and four more for this and other reasons. That is to say, in exactly one-half of the cases of successful appeals the law of evidence was held to have been misapplied.

About five years ago certain professors at Dalhousie University were engaged to prepare, in consultation with the Judge Advocate General, rules of evidence that would be suitable for courts martial, but which would preserve all the fundamental protection afforded to persons charged with offences in the civil courts. These rules have been drafted; for some time they have been under study by the Judge Advocate General and they are now practically ready for adoption. The amendment proposed will make adoption possible. The new rules are in effect a code of the basic principles of the law of evidence. Perhaps it will interest honourable senators to know that a number of fields in which the law is obscure have been clarified by laying down precise rules. For example, the rules relating to the admission of documents, which are to be found in various statutes and in decisions of the courts, are now embodied in eight rules. Obscure rules relating to the burden of proof in criminal law have been clarified and set out in four rules. In some cases the law has been slightly changed. For example, it is now provided that counsel for the accused shall always have the right to address the court last. As honourable senators who are members of the bar know, that has not always been the case in criminal trials. I would stress the fact that these rules do not in any way interfere with the fundamental rights of accused persons which are contained in the present law.

Some may ask why these new rules regarding the law of evidence are not included in the bill. I am advised that it is not considered appropriate to do this, as they will cover some 50 printed pages, and as the law of evidence is a constantly developing subject minor amendments will be desirable from time to time.

This section will not come into force until a date fixed by proclamation by the Governor in Council. This provision is designed to give time for approval, printing, distribution and study of the rules before they are made effective.

Section 4 provides additional safeguards on the imposition of the penalty of death by courts martial. These safeguards will be similar to those in effect under the civil law.

As honourable senators who have served in the army are no doubt aware, a court martial decides on both the conviction and the sentence. But there are two types of cases. One is where a sentence of death is mandatory upon conviction of an offence. That means that if a man is found guilty the court martial has no option but to impose the death sentence. Under the act as it stands, a simple majority vote is sufficient to convict and to impose the death penalty. Under the new subsection 162, subsection 5, this provision has been changed by making a unanimous vote necessary. If the court martial should be divided in opinion and the majority does not agree to conviction on a lesser charge, it would be deemed to be dissolved and a new trial might be ordered. That is in accordance with the present practice in criminal cases.

Where a sentence of death is not mandatory upon conviction, but merely permissive, it is provided that for the imposition of the death penalty a unanimous vote will be required. Of course, there are other safeguards for the protection of persons sentenced to death by courts martial. Any such penalty may be commuted to a lesser punishment by an officer commanding a command, a chief of staff of the service concerned, or the minister. If it is not commuted by one of these authorities it must, under section 170, subsection 1, be approved by the Governor in Council before it can be carried out.

Perhaps it is of interest to note that since the beginning of World War II there have been only seven cases in which the death sentence was passed, and six of these were commuted to life imprisonment: only one sentence was carried out.

Hon. Mr. Connolly (Ottawa West): What was the charge?

Hon. Mr. White: For which the man was executed? It was a case in Italy of a soldier, a deserter, who was with a band of other soldier deserters, and murdered another soldier.

The offences for which the death penalty is mandatory or permissive have not been changed. They are set out in sections 64 to 71 inclusive of the act, and they are different from the sections of the Criminal Code which provide the death penalty for three offences, namely, treason, piracy and murder.

Clause 5 provides regulations respecting the carrying out of the death sentence. It is not feasible to set out in the bill, as is done in the criminal code, the method of carrying out the sentence, because, as you will readily understand, the conditions under which criminals are held in various parts of the world vary so greatly that it seems desirable to leave it to the Governor in Council to determine in each case the most appropriate method of carrrying out this sentence.

Clause 6 provides for the change of name of the court martial appeal board to the court

martial appeal court, and would reconstitute it, to be composed of judges of the Exchequer Court of Canada and of Superior Courts of criminal jurisdiction. This section also provides certain amendments regarding appeals to the Supreme Court of Canada.

After World War I the authorities of the United Kingdom set up certain courts for appeal, and in 1951 Canada took the same step by establishing a tribunal, independent of military authorities, to which persons convicted by courts martial might appeal. At that time it was thought prudent, as a first step, to set up an appeal court with some but not all the characteristics of a court of appeal. Now, after seven years' experience with appeals from courts martial, it is considered that there is no reason on military grounds why service offenders should not have the right to have their appeals heard by a tribunal comparable to a provincial court of appeal.

The National Defence Act contains a provision for an appeal from the Court Martial Appeal Board to the Supreme Court of Canada. It is not desirable that the Supreme Court of Canada should be required to concern itself with appeals in criminal matters from courts that do not have the same relative standing as provincial courts of appeal composed entirely of judges. It is felt that military appeals will be dealt with more expeditiously under this new set-up. The new court will be a court of record and it will have a status that is not now held and powers not now exercisable by the Court Martial Appeal Board.

While the Court Martial Appeal Court would normally sit in Ottawa, provision is made for it to sit elsewhere in the country. In this connection provision is made for the payment of judges.

Subsections 11 and 12 of section 190 of the bill provide for the appointment of military advisers whose function it would be to advise the court on the nature and purpose of particular service orders and regulations, service customs, and things of that nature.

Hon. Mr. Connolly (Ottawa West): Before the honourable gentleman continues, would he mind answering a question? Did I understand him to say there will be an appeal from the new Court Martial Appeal Court to provincial courts of appeal or to the Supreme Court of Canada?

Hon. Mr. White: To the Supreme Court of Canada. I will deal with that in a moment.

Hon. Mr. Connolly (Ottawa West): Thank you.

Hon. Mr. White: The procedure for anyone convicted by court martial to appeal to the new Court Martial Appeal Court is very simple. The accused is served with a copy of the proceedings of the court martial, together with a form on which he may enter an appeal. He has 14 days within which to file the appeal, and all he has to do in filing is to give the completed copy of the statement of appeal to any superior officer or to the person who holds him in custody. The statement of appeal must be forwarded by the person to whom it is given to the Judge Advocate General.

If the appeal relates to severity of sentence only, the Judge Advocate General refers it to the appropriate Chief of Staff. If it relates to legality and the Judge Advocate General considers that the conviction should be quashed, he so recommends to the appropriate Chief of Staff. If he does not consider that the conviction should be quashed, he must forward the statement of appeal to the Court Martial Appeal Court. It is then placed on the list for hearing at the earliest possible moment. The record in the years 1952 to 1956 inclusive indicates that the Court Martial Appeal Board has operated in a very efficient manner and has probably had a better record than the average court in civil and criminal matters.

Sections 191 to 195 inclusive provide only for the change of name from "board" to "court".

Section 196 deals with an appeal from the Court Martial Appeal Court to the Supreme Court of Canada against the decision of the Court Martial Appeal Court. It has been felt that persons serving in the military forces should have the same right to appeal to the Supreme Court of Canada as have civilians. Under the present laws, however, a person wishing to appeal to the Supreme Court of Canada has two hurdles to surmount. First of all, there must have been dissent in the Court Martial Appeal Board and he must obtain the leave of the Attorney-General of Canada. Under the amendment, an appeal will be permitted if there was dissent in the Court Martial Appeal Court or if a judge of the Supreme Court of Canada grants leave to appeal. It is interesting to note that in the past seven years only two persons indicated they wished to appeal to the Supreme Court of Canada, but they were unable to proceed with their appeal because there had been no dissent in the Court Martial Appeal Court.

A further amendment provides that for the first time the Crown also will have the right to appeal to the Supreme Court of Canada. This provision is similar to the right now held by the provincial Attorneys General. The reason for this amendment is that the Crown may wish to obtain a decision from the

Supreme Court of Canada respecting some important legal principle upon which the Court Martial Appeal Court may have appeared to have decided wrongly.

Honourable senators, I hope I have given a satisfactory brief outline of the important functions of these amendments to the National Defence Act. I am sure that when the bill goes before the Banking and Commerce Committee the Judge Advocate General and members of his staff will be present to give further necessary information that anyone may require.

Hon. C. G. Power: Honourable senators, I do not propose to follow the honourable gentleman from Hastings-Frontenac (Hon. Mr. White) in dealing with the details of this bill, which he has explained admirably. However, there are certain sections of the legislation to which I wish to draw attention. The first section of the bill deals with the authority given to the minister, which I had understood he already had, but probably this is to further clarify his authority, to carry on certain integration between elements of the forces which already exist. In dealing with this kind of integration, as opposed to that to which I may refer a moment or two later, may I say that I heartily commend the minister for carrying on the work which he has been doing up to the present to abolish a distinction which had been made in the establishment of an Air Force medical corps. Incidentally, I am sorry to say that this distinction was created by myself in one of my not too infrequent mistakes, and I commend the present minister for correcting it. He has decided that there should be one medical corps for all three services. There might have been reasons for justifying the establishment of an Air Force medical corps during the war. There were questions of diet, nervous tension, blackouts, and that kind of thing, but I believe they have pretty well disappeared now.

Hon. Mr. Macdonald: You don't mean that the Air Force had better food than the poor bally infantry, do you?

Hon. Mr. Power: No, but unfortunately the kind of food that was served to the infantry was heavy and was not suited to the high intellectual calibre of the people who served in the air force. As a matter of fact, to be quite serious, we were obliged to ask the Army Service Corps to give to our pupils in the training schools a lighter diet than was normally given to the foot-slogging infantry.

Hon. Mr. Macdonald: Who worked so hard.

Hon. Mr. Power: Worked so hard intellectually.

Another advance which the minister has made in the way of integration of service elements is in the chaplain service. I do not know just how it came about that the air force had a separate chaplain service; I assume that it was largely due to the fact that the force was expanding very rapidly and on account of that expansion took in chaplains among its number and found they might just as well put them in air force uniform. But if I commend the minister heartily on that particular phase of integration, I wonder if he would not consider further, if he has already considered the matter, that other branches of the service, namely, the air force and the army, should follow the example of the navy in a custom which has been in existence, as far as I know, ever since the Royal Canadian Navy was established, that of having the chaplains without any rank at all, without being called lieutenants, lieutenant-commanders, or captains. I understand—and this accords with the little experience I have had—that these godly people in the chaplain service are not at all impervious to the lure of rank badges and red tabs, and possibly there may have been considerable opposition to the idea of having equal rank all through the chaplain service. Perhaps there are reasons for it, but it seems to me that the ordinary soldier, sailor, or seaman of the lowest rank would probably be better prepared and better able to discuss his personal problems, and perhaps his family problems and other matters which concern him, with a person who did not wear red tabs and did not have rank badges. For that reason I would be prepared to commend the minister very highly if he would endeavour to follow out his integration by placing all chaplains on an equal basis and without any rank tabs whatsoever.

I understand there is a fertile field for progress in this direction. There is no reason in the world why the pay corps should not be common to all the services, and let us get away from the tremendous overhead. There is no reason, either, why the provost corps should not be integrated; and though there may be some difficulty there, I am convinced that with a little effort the supply corps also could be integrated. For instance, there seems to be no reason for tremendous warehouses for each one of the different forces. Certainly a very large number of items—underwear, socks, boots, and a hundred other things—are common to all the services and could be looked after with far less overhead; and I could imagine that even technical things, such as engines for the navy, wings for the air force, and so on, could be housed and warehoused in such a way that there would be a great deal of economy.

So much for the question of integration.

The next point I would like to raise—and I would like to have some explanation given when the bill reaches committee—is the provision that the Court Martial Appeal Court, as honourable senators will have learned from the senator who explained the bill, will consist of judges of the Exchequer court and judges of superior courts.

Under subsection 11 of section 190 it is provided that:

> The Governor in Council may appoint and prescribe the duties of one or more military advisers to the Court Martial Appeal Court, and they shall be paid such fees or other remuneration—

It seems to me that this is like appointing a legal adviser to a judge, and I am just wondering whether it is entirely justified. Most of the cases which come before the appeal courts are really questions of criminal law. I presume that this addition of a military adviser to the court is possibly in order to make the court comparable to admiralty courts, where assessors are appointed to advise the court on rules of the road, navigation laws, and such matters. But it seems to me that it is hardly necessary to have an adviser for the rules of the road on the cases which would be most commonly before this court, namely, cases such as rape and murder, and I hardly think there is any necessity for this appointment.

Hon. Mr. Brunt: Would the advisers not be of assistance to the appeal court to advise them on matters relating to offences that might relate only to the armed services? That is where I think they would be very useful.

Hon. Mr. Power: Even so, I hardly think there would be many offences, or even any, of such a nature that the ordinary judge of the Exchequer Court or of a superior court, accustomed to criminal law and to all kinds of law, would not be quite competent to judge. In any event, by the time any case has reached the appeal court it will have been pleaded on the one side by the prisoner's friend, and by the prisoner's attorney, whom he is entitled to have, and on the other side by the Advocate General on behalf of the Crown, and it is entirely likely there will not be many difficult cases to clear up.

Generally speaking, this bill indicates a great improvement in our thinking and in the humanitarian tendencies of the armed services. It is notorious that historically the military law was harsh, almost to the point of brutality. For many years the Parliament of Britain had before it measures to do away with or to alleviate punishment such as flogging. There was even a time when there was almost a constitutional crisis because a near relative of the sovereign was opposed to the abolition of flogging, and this almost brought the sovereign into conflict with the government of the day. As to punishment by death—execution—there were numerous crimes in the old days, military crimes, which were punished by execution. I understand at the moment they are limited to very few, and the practice of carrying out of executions also has been considerably restricted. I took the trouble to look it up the other day because I had a sort of a dimming recollection that back in the First World War the Australian Government had reserved to itself the carrying out of sentences of execution and that as a result no Australians were shot during World War I. I inquired as to what had happened in the case of Canadian soldiers and I was advised that, though there are no accurate figures on the matter, at least 26, and possibly 31 or 32, Canadian soldiers were executed for military crimes during World War I. It was, perhaps, as a result of this that early in World War II the Canadian Government, following the example of Australia, decided that sentences of court martials carrying with it punishment by execution would not be effective before appeal was taken to the Governor in Council in Canada. I was not aware that so many as seven had come back to Canada for confirmation. The case referred to by my honourable friend from Hastings-Frontenac (Hon. Mr. White) was one that I heard about at that time and was, as he said, the case of a deserter who not only had committed many military crimes but had committed a civil crime and had actually murdered one of his companions. For that reason I believe the bill is to be commended, because it does carry out this humanitarian trend that has been in force and effect, that has been going on for many years.

There is one more section in the bill, and in this connection, with all due respect and admiration which I have for the courage of the honourable and gallant gentleman who is the Minister of National Defence, I wonder why he has risked his reputation in the realm of semantics. This is a question which probably would have been better left to the Société du Bon Parler Français rather than to the officers of the department. I am not prepared at the moment to discuss the translation which has been made, but I would like to call the attention of honourable senators to this fact. In section 7 of the bill the name of the Royal Canadian Air Force in French is changed to Forces aériennes royales du Canada. We are accustomed in dealing with matters of this kind to, for instance, call the R.A.F. "RAFF". If honourable senators will just look at the initials F.A.R.C. and add on a small "e", or simply intone the "c" softly,

and examine the result, I think they will agree that if this section is passed the minister might never dare to show his face in an R.C.A.F. Mess. In the light of recent events and with the uncertainty which seems to exist among members of the Royal Canadian Air Force today, I suggest to my honourable friend who introduced the bill, and I suggest to the minister himself, that in committee that if I move that this clause be stricken from the bill we carry that amendment unanimously.

Honourable senators, I have some other observations to make in connection with this bill. I understand there are other senators who wish to say a word or two on it and we therefore will not have the opportunity of referring this bill to committee this evening, so I would ask permission, if there is no objection, to adjourn the debate until tomorrow.

Hon. Mr. Aseltine: Honourable senators, the Banking and Commerce Committee will be meeting in the morning and also later on in the day, and it is very anxious to get at these bills, together with another one which I have in hand for second reading.

Hon. Mr. Power: I have no great objection, but I was advised that other senators wish to have a word on this bill. As I say, I have no objection to carrying on.

Hon. Mr. Macdonald: Honourable senators, if I may rise to a point of order, I would remind the house that there is not a great deal on the Order Paper to engage the attention of the Senate from now until Easter unless we get a good deal of legislation from the other house. I was rather impressed with the suggestion of the honourable senator from Gulf (Hon. Mr. Power) that we adjourn this debate tonight, and probably put it first on the Order Paper tomorrow, so it would get to the committee the following day.

Hon. Mr. Power: My only reason for suggesting adjournment of the debate was that I was under the impression that we would not finish the debate tonight. If there are no other senators wishing to speak I will go ahead right now.

Hon. Mr. Roebuck: I wish to say something on it.

Hon. Mr. Aseltine: Honourable senators, I am afraid we cannot avoid the situation. The honourable Leader of the Opposition (Hon. Mr. Macdonald) knows, I think, that I wish to get on with the bill which I have in my hand, a bill which I intended to deal with tonight, an act to amend the Northwest Territories Act. I have another one here also which I would like to advance, an act to amend the Trans-Canada Highway Act. Those bills, I understand, have to go to committee and it is going to take a lot of time to deal with them. It is for that reason that I wanted to get ahead tonight.

I would point out that the order for second reading of the bill to amend the Trans-Canada Highway Act is preceded by the order for resuming debate on the motion proposed by the honourable junior senator from Winnipeg (Hon. Mr. Wall) regarding inflation, and by the order for resuming debate on the Address. I don't know when we will reach this bill if we have to proceed with these two orders first.

Hon. Mr. Power: Well, I will go ahead.

The change proposed by section 7 does bring up another question of considerable importance, particularly to people who have been associated with the Royal Canadian Air Force. As a result of what is happening by way of scientific development in the missile field, the question is, what is to be the future of the Royal Canadian Air Force? I am not here to enter into any discussion on the cancellation of the Arrow contract, nor do I propose to discuss the confused and complicated question of national sovereignty; nor do I think I have sufficient technical knowledge to discuss whether or not the time has come when manned aircraft should be set aside as obsolete and unnecessary, and when the country should take on the responsibility of dealing with intercontinental missiles; nor am I proposing to suggest any criticism of the minister. I know perfectly well that the circumstances are such, what with scientific development, obsolescence, and the tremendous cost of weapons, that his task is one of the most difficult which has ever faced a minister.

With respect to the Prime Minister, I think I would be less than fair if I did not say that when his was the role of critic and mine was the role of administrator, he was fair and constructive in his criticisms, even when sometimes he was right and I was wrong. It would be ungrateful on my part if I were to make of this particular difficulty, which I think exists, a reason for an attack on the Prime Minister. And I do not want to be thought of either as being a Colonel Blimp, shedding alcoholic tears into his brandy and soda at the unhorsing of his favourite brigade of cavalry.

I am moved to discuss this matter largely by affection for the people with whom I was associated for some years, and who showed me the most loyal and steadfast support. What brings this all about largely are articles in the Montreal *Gazette* and other newspapers. I refer first to a dispatch from Ottawa, in the Montreal *Gazette* of March 6,

headed, "R.C.A.F. Wings Clipped." The article goes on to say:

A new concept of Canadian air defence has emerged since the Government's February 20 announcement of cancellation of the Arrow jet interceptor program.

By and large, it is this: The R.C.A.F. will handle the ground duties and the United States Air Force the flying.

Further on it says:

The assumption is that when the CF-100 is retired the R.C.A.F. will be out of the interceptor business for good, in Canada if not in Europe.

I refer to an editorial in the Montreal *Gazette* of this morning, and I shall make my quotation as brief as possible:

All this gives the impression that Canadian military aviation, with outstanding accomplishments in two world wars, is about to be grounded. The facts are considerably less extreme than this.

The article further says:

It is still true that the thought of all home air defence being flown by the U.S.A.F. while Canadians man the ground control stations and missile bases only is a sad one.

That is quite true. I haven't any doubt that throughout the ranks of the present R.C.A.F. and elsewhere, there is a feeling of uneasiness and anxiety. It has not as yet been alleviated by any definite or positive statement of Government policy with respect to the future status of the R.C.A.F., unless I am to take it that the *Gazette* is formulating and not explaining Government policy, which I doubt to be true.

Under those circumstances I should like to put a number of questions to the ministry in order that people interested in this branch of the service would know just what they might expect. Those questions would be something like this:

Does the minister's statement mean, as the newspaper implies, the clipping of the wings of the R.C.A.F. and the grounding of its flyers? What will be the function of the Canadian fighter and interceptor squadrons of the future? Will they be abolished?

Will ground crews and mechanics of these wings of the air force be used to service United States fighter squadrons?

Is there still a role for the R.C.A.F. to play in military transportation? It is suggested in the editorial in this morning's *Gazette* that there is, and it could become a very important role. However, what I fear is that this role in military transport may soon be claimed by the army as being connected with its function and responsibilities.

There is also a suggestion that the R.C.A.F., now charged with the duty of combatting the submarine, including nuclear submarines, might not continue to have that duty, but it would be transferred to the navy, which has, as honourable senators know, a fleet air arm of its own. It may be that, unless there is a clear and definite policy, we in Canada will be witnesses to unseemly and rather nasty sorts of quarrels which have become quite common in the United States as between different branches of service.

Another question which comes to my mind is, what will become of our trained fighter pilots, now in Canada and in Europe? Will any equipment be provided for our fighter squadrons during the time lag which is bound to occur between today and the day when both enemy bombers and allied fighters will become obsolete, and the intercontinental missiles will definitely take over as the weapon of war.

After hearing discussions and reading the debates of the other house, I ask myself whether we have not laid a greater emphasis on production than on procurement. There has been a great deal of talk with respect to production, brought on very largely, I suppose, by the fact that there is unemployment in this country and a desire to see allied dollars spent in Canada for production rather than procurement. But I am most concerned for the future of this arm of the service which has rendered great service to Canada.

Another matter, which perhaps is not so intimately concerned with late occurences but which is of great interest to me, is, what steps have been taken in the matter of integration of the Canadian forces, or the partnership or whatever you like to call it, with the United States forces, to preserve and protect the identification and distinctiveness of the Canadians who are to serve in these partnership forces?

That moves me to relate, from experience in the past war, some of the difficulties which arose between ourselves and a force more closely related by allegiance and common interest to the Royal Canadian Air Force—that is, the Royal Air Force—than the United States forces could possibly be. Early in the war, when a British commission came to Canada to lay the foundations of what became known as the British Commonwealth Air Training Plan, matters, largely connected with the financial implications, which were very heavy, were discussed quietly and peacefully enough, but towards the very end the conferees struck what was a real snag. The snag consisted in ascertaining what would be the status of Canada and other commonwealth flyers after they were graduated from the air training plan. The British, very naturally, supposed these men on graduation would join the Royal Air Force, and that was all there was to it. The Canadian Government, particularly the late

Mr. King, Mr. Ralston and Mr. Rogers, felt that there should be some way of keeping track of our own people when they joined the forces overseas. They asked for an interpretation of an article in the air training plan agreement, part of which read:

> The United Kingdom undertakes that pupils of Canada, Australia and New Zealand shall, after training is completed, be identified with their respective dominions, either by the method of organizing dominion units and formations or in some other way . . . The United Kingdom will initiate intergovernmental discussions to this end.

The debate on this question of interpreting what appears to be a very simple clause became so contentious and so acrimonious that on the very night the agreement was to be signed the plan almost fell through. There were cables to and from Great Britain; there were telephone messages between the Prime Minister of Canada and the Prime Minister of Great Britain; there were excursions to Rideau Hall and despairing, last-hope conferences. Finally, very late in the evening, or the early morning, an agreement was reached which permitted the Canadian authorities to pursue in after days what was called the process of Canadianization of the former Canadian units in the Royal Air Force by congregating together members of the Royal Canadian Air Force and naming them a Canadian squadron. As a matter of fact, there had to be an agreement on that matter between the Honourable Mr. Ralston and Right Honourable Archibald Sinclair, the British Minister of Air. The agreement provided for the formation of Canadian squadrons, and we did form squadrons in the bomber group, in the fighter group and in the coastal command, all composed of Canadian flyers, to which we added our own Canadian ground crew, and for which afterwards we also provided our own Canadian aircraft. But the difficulty—and that difficulty is one which I think might possibly arise in connection with our new partners—was in connection with individuals spread, as our men were, all over the Royal Air Force. There were thousands more Canadians who served with units of the Royal Air Force than there were with units known as Canadian squadrons, because we had not enough squadrons, and could not possibly have had enough squadrons, to place therein all the graduate pilots and others that were sent from Canada. I am free to say that in many instances our own boys were quite happy to serve with the Royal Air Force. They liked the partnership, and they had no objection. But difficulties arose in questions of commissioning, welfare, pay, leave, number of sorties, and, generally speaking, the interpretation of duties and responsibilities of airmen in the Royal Air Force as compared to the somewhat freer interpretation of duties and responsibilities which perhaps we gave them. For instance, if a boy ran himself into debt in Glasgow, or contracted a hurried marriage in Edinburgh, the fond papa and mama did not talk to the Air Minister of Great Britain, they talked to the Minister of Air in Canada, who found he was the target and the one eventually held most responsible, no matter how imperialist in his early stages the parent may have been.

The result was that Canadian public opinion felt that an organization in Canada should be fully responsible for all our boys, and that it was not sufficient for Canada to turn over to any other nation the bodies of fully-trained flyers and let it go at that; the men had to be followed up wherever they were; and that was one of the most difficult tasks during the course of the war.

In passing, may I say that this difficulty did not arise so much on the higher level, that of the minister or representatives here in Canada, such as Sir Gerald Campbell, Malcolm MacDonald and Harold Balfour, but rather in the lower echelons which still felt that possibly our people were colonial auxiliaries serving with the forces of a dominant partner. I might add that the United States has not often shown itself to be more understanding of Canadian susceptibilities than have the British. It became clear to us that we had to establish means to keep in contact with our men. I am sure that the same thing, although it may not have been thought out yet, will occur with respect to any partnership which we have with the United States.

Honourable senators, it took nearly four years of discussion, some of it not very amicable, before the British Air Ministry issued to all its commands the following circular:

> Canada is a dominion and as such is no less entitled to a separate and autonomous air force than is the United Kingdom. There is complete agreement between the two air forces on the importance of this policy. It is administratively sound, for the differences in discipline, pay, promotion and welfare which exist between the two present less difficulties when Canadians are grouped together in their own squadrons. Psychologically it is valuable, for however efficiently a mixed R.A.F. and R.C.A.F. crew may work together, the understanding bred of a common background and a common nationality is necessarily lacking.

This to us is a somewhat naïve and commonplace statement, but it may have its bearing in our relations with another nation which could not be said to have the same common interests and common allegiance as we have. However, we never deviated from our central policy. We entered the war as Canadians and we fought as Canadians and our people throughout the war were proud

to carry the Canada badge so proudly and so gallantly on their shoulders.

In connection with the dispersion of our air crew throughout the squadrons of other nations, the story was told at the time, which I have every reason to believe, that in one of the Royal Air Forces—not the Royal Canadian Air Force—there was a sign in the pilots' mess saying, "Canadian spoken, English understood".

Hon. Mr. Brunt: They at least had a sense of humour.

Hon. Mr. Power: I wonder if there will be a sign, "Americans fly, Canadians serve"?

As units, our men served all over the world—In Iceland, Italy, Egypt, Ceylon and Greenland. In connection with a discussion of sovereignty, may I say that our men were in Alaska, defending American soil, long before the American nation had recovered from the shock of Pearl Harbour and within a few days after that said catastrophe. Our men served all over the world as Canadians in Canadian squadrons. With respect to those who were not grouped together there was no sphere of activity of the Royal Air Force from Greenland to Burma, and from the Hebrides to South Africa, where Canadians did not serve. Canadians were in every raid over Germany and every raid on Berlin. All the while we were able, through one small clause in the British Commonwealth Air Training Plan Agreement, which called for identification, to see that those boys carried on their duties in Canadian uniforms and wearing Canadian badges.

The success, if any, of the British Commonwealth Training Plan and of the Canadian air force overseas was due to the loyalty and enthusiasm of the people of Canada, but in a large measure it was due to the young men who joined the air force. They came from every section in Canada, from every walk of life, rich and poor, from the school, the college, the university. They represented a cross-section of a democracy. They were the least professional of soldiers and the most gallant of citizens. In Canada they spent their lives under varying conditions in a different atmosphere, but they were all imbued with a common purpose and in a common cause. It is to them that we owe whatever successes and whatever came by way of glamour and glory to Canada.

I say all this in order that the Government may take certain action. I am glad to know that within the ranks of the Government, in the Minister of Fisheries, the Honourable J. Angus MacLean, there is one of these young men who formed part of this force and who will, I am sure, be the last to neglect anything that can be done for those with whom he served.

I am asking the Government, in its arrangements which are bound to come at some period or other with the American air force, to bear in mind the difficulties which we have had with another service, and to make agreements and arrangements so that there will be no question as to the identification of our people, and their protection from the standpoint of Canadian custom, Canadian law, Canadian court martial proceedings and amenities such as chaplain service, and so on, which may or may not be observed in other forces in the same way as they are in our own.

Honourable senators, I have only one more comment to make.

I gather, in so far as I have been able to comprehend, that it is admitted that for some period to come, be it two, three, four or five years, the manned aircraft which we have might be reasonably reliable weapons of war for our defence. In any case, as long as this kind of equipment is valid, necessary and useful, I would urge upon the Government to see to it that we procure that kind of aircraft. If we haven't got it in Canada, let us procure it somewhere, so that Canadian boys will be flying in Canadian planes over Canadian soil for the defence of Canada.

Hon. Arthur W. Roebuck: Honourable senators, it is with diffidence that I rise to say anything with regard to this bill, first, because of the inspiring address that we have just heard, which I suppose has rung a chord in the breast of everyone who listened to it, and, secondly, because of the lateness of the hour.

The very fact of the interest we have shown in what the honourable senator from Gulf (Hon. Mr. Power) has said leads me to suggest that we do not overlook another section of this bill. I do not propose to say anything at all with regard to military matters. That subject has been dealt with by the honourable senator from Gulf far more effectively than I could possibly do. However, I call to the attention of honourable senators that we are considering an amendment, not to the Criminal Code but to criminal law, and as such it is vastly important.

A few years ago the Minister of Justice came to this chamber and presented us with a revised Criminal Code. He told us that the new work had been drawn by most eminent men, and gave us to understand that he thought it was a perfect document, and that all we had to do was pass it. Well, we referred the matter to the Banking and Commerce Committee, which in turn referred it

to a smaller committee. It took this house two sessions to revise that bill. In one session we made no less than 80 amendments. In all, more than 100 amendments were passed. The minister became a little impatient at first, but by the time we were through he thanked us for what we had done, for we had greatly improved that measure.

It is just possible that in the shadow of the military thoughts that have been expressed, with all their appeal and interest, we have overlooked the other features and sections of this bill and not given them the attention they deserve. I point, for instance, to the section which allows the Governor General to formulate regulations with regard to the rules of evidence—a complete change from the former law. I very much doubt the ability of anyone to make rules on a subject of this nature. The rules of evidence are the development of many, many years of experience, and their chief benefit and use is the protection of the individual, the bringing out of the truth and the clarity of procedure, and so on. My friend from Hastings-Frontenac (Hon. Mr. White) says that a new code of rules of evidence has been developed, I think he said by some professors. It is quite lengthy. Before we pass this bill I think the rules should be laid on the table, and I should like to read them. At all events, we should not pass this amendment until those rules have been presented to the Banking and Commerce Committee, thoroughly studied, and perhaps referred to a smaller committee.

My friend said that evidence was one of the most difficult branches of law. That is true. There are many different branches of law, and evidence is certainly one of them. He pointed out, if I understood him rightly, that under the present rules the law of evidence in that province in which the proceedings take place applies to the proceedings. There is a little uncertainty, perhaps, in the minds of those who administer it, but may I point out that there is a general law of evidence. There is the Canada Evidence Act which applies in all our provinces. For instance, my friend said something about the admission of documents. That is very fully dealt with in the Canada Evidence Act. It may be that all the law with regard to the admission of documents is not to be found in that statute, and certainly it is supplemented to some degree by the provincial Evidence Acts, but in the main that law is universal throughout the whole dominion of Canada. There is this distinction, of course, as between the common law provinces and the civil law provinces in the matter of the rules of evidence, that a court martial carried out in the province of Quebec, for instance, involves persons from that province, and they would be much more familiar with the rules of evidence in Quebec than with the rules of evidence of Ontario, or, indeed, with rules devised by a very learned board of professors.

I very much question the granting of power through order in council. Lay down rules, certainly. But I would hesitate to vote for a bill that gave permission to the executive to establish new orders that I have never read. It may be that it can improve matters very greatly, but it is our duty to see that it is an improvement before we pass it.

I presume this bill will go to the Banking and Commerce Committee, perhaps tomorrow. I for one will not be there, because I have other duties to perform. I hope there will be no haste with regard to the features of criminal law in this bill, but that they will be given very serious study, and by men who know something about that branch of law.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. White, bill referred to the Standing Committee on Banking and Commerce.

NORTHWEST TERRITORIES BILL

SECOND READING

Hon. W. M. Aseltine moved the second reading of Bill C-26, to amend the Northwest Territories Act.

He said: Honourable senators will remember that the Yukon Act deals with the Yukon Territory and the Northwest Territories Act deals with the Northwest Territories, and that these acts have been amended from time to time. For example, last year, by chapter 9 of the Statutes of 1958, the Yukon Act was amended with respect to borrowing and lending powers, deputy police magistrates, the power of the Governor in Council to appoint clerks of court, sheriffs and other officers, and with respect to the manufacture and importation of intoxicating liquors. The purpose of that bill was to meet changing conditions in the Yukon, and the amending legislation was a step toward more democratic carrying out of local Government in that territory.

The purpose of this bill is to amend the Northwest Territories Act in a somewhat similar way for the purpose of meeting changing conditions in the Northwest Territories and to provide for the more orderly and effective administration of affairs in the territories. It is a further step toward responsible Government. The Northwest Territories Act is to be found in chapter 331 of the Revised

Statutes of Canada. It was amended in the 1953-54 session, again in 1955, and again in 1957-58, each time for the purpose of giving the territories more control over their affairs.

Honourable senators will remember that the amendments made in 1957-58 had to do first with giving borrowing and lending power to the Commissioner in Council. It also dealt with territorial revenue and the appointment of police magistrates. This bill, C-26, is for the purpose of replacing subsections 2 to 7 of section 8 of the act by certain new subsections. The present provisions are shown in the explanatory notes on the right-hand page of the bill. Honourable senators will note that section 1 of the bill repeals subsections 2 to 7 of section 8 and substitutes therefor subsection 2, which provides for three changes. In the first place, it provides a fixed term of three years for the council; secondly it gives the Governor in Council power at any time to dissolve the council; and thirdly, subsections 4, 5, and 6 are not re-enacted. The Canada Elections Act applies, and therefore by-elections are provided for. The present subsection 2 of section 8 is re-enacted as subsection 3.

Hon. Mr. Connolly (Ottawa West): How does the Canada Elections Act affect the section in question?

Hon. Mr. Aseltine: I will come to that a little later.

Honourable senators know that under subsection 1 of section 8 of the act provision is made for four elected members of the council, and for the appointment of five councillors by the Government, one of whom is the Deputy Minister of the Department. The present subsection 3 provides that elected members of the council shall hold office for three years from the date of the return of their individual writs of election. On account of the time involved in getting the writs returned from the different districts each member's term now commences and ends at a different date. After the passage of this bill the term of council will continue for three years from the date of the return of the writs for the general election. That is the procedure laid down in the Canada Elections Act.

The present subsection 7 provides that the Governor in Council may, after two years from the return of the election writs, dissolve the council and cause a new council to be elected and appointed.

Subsection 2 changes that provision and brings dissolution in the territories into line with the principles followed in provincial legislatures and the dominion Parliament. A similar change was made in the Yukon Act several years ago. With the repeal of subsections 4, 5 and 6 the provisions of the Canada Elections Act apply in respect to by-elections following an elected member's death or resignation.

Hon. Mr. Connolly (Ottawa West): What sections of the Canada Elections Act apply? If the honourable leader does not have that information, perhaps we can get it in committee.

Hon. Mr. Aseltine: I will further explain that as I go along. I said that a similar change was made in the Yukon Act several years ago and that the repeal of these subsections 4, 5 and 6 bring into effect certain provisions of the Canada Elections Act. Therefore, honourable senators, it can be seen that although there are no specific provisions for by-elections in the act, such by-elections will be held as provided for in the Canada Elections Act, and will give full effect to the right of the people to elect their own representatives, which has been done in the Yukon for some time.

Section 2 of the bill repeals subsection 2 of section 11 of the act and provides that one session of the council shall be held each year at a place fixed by the commissioner on the recommendation of the council, but that all other sessions will be held at the seat of Government of the territories, as at present.

Section 3 of the bill repeals section 37 of the act and substitutes therefor a new section in which is inserted the words "judicial and" and "for the appointment of whom there is no other provision in this act". The reason for the change is that it was found necessary to appoint presiding officers for small debt tribunals established under the Judicature Ordinance of the territories. It was thought the present subsection 37 is not wide enough.

The Yukon Act was similarly amended last session by chapter 9 of the Statutes of 1958.

Section 4(1) of the bill repeals subsection 1 of the present section 42 and re-enacts the subsection by adding the words, "or a person authorized by him". This change is brought about by reason of the fact that the commissioner may from time to time be absent or unavailable, and permission to import intoxicants can be delegated to a person authorized by the commissioner. That same provision is in the Yukon Act.

Section 4(2) adds a new subsection 5 to section 42 of the act. The reason for this change is that section 42 adequately controls the importation of liquor into the territories, but a federal statute known as the Importation of Intoxicating Liquors Act also applies, and, according to the officials of the department, this is a duplication. The new subsection 5 merely states that the federal act does not apply.

Section 5 of the bill respecting archaeological sites, is self-explanatory.

Honourable senators, I have some general remarks to make with respect to the power of the Governor in Council to dissolve the council and cause a new council to be elected and appointed.

I have already stated that the council consists of five appointed members and four elected members. One can visualize difficulties arising between the five appointed and the four elected members. Therefore, the section of the act which I explained previously keeps the power of dissolving council and holding a new election in the hands of the Governor in Council. So, if there is a difference between the elected members and the appointed members—and remembering that the appointed members are in the majority—the Governor in Council can move in. If a wish were expressed in open council to dissolve council, the Governor would have power to dissolve it and hold a new election, just the same as is done in provincial legislatures or in the federal Parliament where dissolution is effected by the Governor General or the Lieutenant Governor, as the case may be.

Hon. Mr. Connolly (Ottawa West): There is a great difference, is there not?

Hon. Mr. Crerar: I am going to deal with that point.

Hon. Mr. Aseltine: Honourable senators, that is a brief explanation of the bill. I propose, when it receives second reading, that it be referred to the Standing Committee on Banking and Commerce for further consideration and explanation by the officials of the department.

Hon. T. A. Crerar: Honourable senators, the proposed amendments to the Northwest Territories Act enlarge slightly the autonomy of the Northwest Territories Council. It might be of interest to the house to know that, according to information supplied to me, the total population of the Northwest Territories at the present time is approximately 20,000. In the past year or 18 months there has been an increase of 5,000. The total white population is roughly 7,000, Indians 4,500, and Eskimos from 8,000 to 9,000.

Hon. Mr. Macdonald: In which group is there an increase?

Hon. Mr. Crerar: I have given the analysis of the population as it stands at the present time. The increase has come about, I suspect, through mining developments in the Yellowknife country, and possibly oil developments elsewhere in the Northwest Territories.

As I said a moment ago, generally speaking the bill increases the autonomy of the Northwest Territories Council, but there is in it one retrograde step and the justification for it as offered by the honourable Leader of the Government, to me at any rate, is not very convincing.

Under the legislation as it stands at present, the elected members of the council cannot be dissolved by the Governor in Council under two years.

Hon. Mr. Aseltine: Correct.

Hon. Mr. Crerar: Perhaps I should have said that the council consists of nine members, four of whom are elective four of whom are appointive by the Governor in Council, and the Deputy Minister of Northern Affairs is the Commissioner for the Northwest Territories and makes the fifth Government appointment. So, in reality, of the council four are elected and five are appointed by the Governor in Council.

Now if we are to give increased autonomy—and I think that is the wise thing to do with the Northwest Territories administration—then we should not, I submit, take a backward step. This follows pretty closely the development that took place in the old North west Territories of 80 years ago—I am not just sure of the date; perhaps it was a little later—when the first step prior to the inauguration of Saskatchewan and Alberta was to establish the Northwest Territories Council. But under the proposed amendment the Governor in Council can dissolve at any time the four elected members. Bear in my mind that under the law as it is at present this cannot be done under two years.

I do not think that the argument advanced by my good friend the honourable Leader of the Government (Hon. Mr. Aseltine) is particularly convincing, because here there is no parallel with the position of the provinces. The provinces are autonomous. It is true that the federal Government can, if it wishes to do so, have Parliament dissolved tomorrow. But if my honourable friend's argument is sound, he is seeking to impose the authority of the federal Government upon a council governing an area, outside of the provinces, that is becoming more and more autonomous.

Hon. Mr. Aseltine: If there was a dispute, would my honourable friend want it to continue for two years before anything could be done about it?

Hon. Mr. Crerar: I would answer, yes, if there was a dispute. But it is not likely that one will arise, because there are four appointive members as against five elective members, so the appointive members are in a majority. But if the purpose is to nurse this administration along, I submit that it is

unwise to have the overriding authority in the Governor in Council to send the elective members packing home and call a new election. While I do not suppose this is likely to happen, I submit that the question is one which, when the bill goes to committee, we could very well look carefully into.

I wish to make only one other comment, and that is with regard to section 3. Here again, I think, we are making an advance. The provision for appeals from a decision of a local court in the Northwest Territories as provided in the Northwest Territories Act leaves a good deal to be desired. If my memory serves me aright, in similar cases in the Yukon territory an appeal, as there is no appeal court there, lies to the court in British Columbia. But, as I understand the Northwest Territories Act, if, for instance, a company chartered in Ontario, engaged in mining in the Northwest Territories, had some litigation with local interests, and the case went against it in the local courts, it could appeal, not to an authority within the territories but to the appeal authority in Ontario. Similarly, a New Brunswick company, and one chartered in Nova Scotia or Newfoundland, could appeal to the courts of their respective provinces. Here, it seems to me, is a point which might be cleared up. It might be possible to find a way to create some appeal body within the territories to whom such appeals could be taken.

Hon. Mr. Connolly (Ottawa West): Does the point about appeals which the honourable senator is now discussing arise out of the provisions of this bill?

Hon. Mr. Aseltine: No.

Hon. Mr. Crerar: No. I merely raise it as something touching the administration of justice which might be considered in committee and provided for by an amendment. If my information is correct, the present Minister of Justice and the Government are now considering this very question. If that is so, my objection for the moment would fall to the ground, because the matter is one which requires careful thought, and it may be that the Government have in contemplation to bring in further amendments, perhaps at the next session of Parliament.

Since the hour is very late—it is almost midnight—I shall not deal with the other sections of the amending legislation. To these, I think, no reasonable exception can be taken; and the honourable Leader of the Government in the Senate has explained them very clearly and fully.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Aseltine, bill referred to Standing Committee on Banking and Commerce.

NATIONAL HOUSING BILL

On the Order:

Third reading of Bill C-28, intituled: "An Act to amend the National Housing Act, 1954."

Hon. Mr. Aseltine: I understand that the honourable senator from Fredericton (Hon. Mrs. Fergusson) wishes to speak.

Hon. Mr. Macdonald: I have not received a copy of the evidence which was taken when this bill was before the committee. I do not know whether the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) has received a copy.

Hon. Mr. Isnor: I understand that the last proceedings have not yet been distributed.

Hon. Mr. Macdonald: If they have not been received, I do not see how we can discuss the bill.

Hon. Mr. Aseltine: Order stands.

DIVORCE

BILLS—THIRD READINGS

Hon. F. W. Gershaw, for Hon. Arthur W. Roebuck, Chairman of the Standing Commitee on Divorce, moved the third reading of the following bills:

Bill SD-106, an Act for the relief of Morris Gordon.

Bill SD-107, an Act for the relief of Maurice Castonguay.

Bill SD-108, an Act for the relief of Rita Lucia Palmieri Bellefleur.

Bill SD-109, an Act for the relief of Alex Groot.

Bill SD-110, an Act for the relief of Gustave Rene Gosselin.

Bill SD-111, an Act for the relief of Marie Berthe Jeannine Quesnel Patenaude.

Bill SD-112, an Act for the relief of Wauneta Langill Bourque.

Bill SD-113, an Act for the relief of Pierrette Bertrand Suchereault, otherwise known as Pierrette Bertrand Chussereault.

Bill SD-114, an Act for the relief of Yolande Bosse Murphy.

Bill SD-115, an Act for the relief of Joseph Rolland Wright.

Bill SD-116, an Act for the relief of Rosalie Jakes Reisinger.

Bill SD-117, an Act for the relief of Jacqueline Ann Rosenfeld Bernstein.

Bill SD-118, an Act for the relief of Margit Elizabeth Mary Temke Malcolm.

Bill SD-119, an Act for the relief of Celia Claire Kanigsberg Dickman.

Bill SD-120, an Act for the relief of Constantin Deacur.

Motion agreed to and bills read third time and passed, on division.

BUSINESS OF THE SENATE

Hon. Mr. Macdonald: Mr. Speaker, it is now eight minutes to 12 o'clock and I think we have put in a full day.

The Hon. the Speaker: We would get much more publicity if we sat until midnight.

Hon. Mr. Macdonald: The next item of business on the Order Paper stands in the name of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). He is not in the chamber to proceed, and in any event I think it is time to adjourn.

Hon. Mr. McKeen: Let's sit until 12 o'clock.

Hon. Mr. Brunt: We would like to handle the divorce bills remaining on the Order Paper.

Hon. Mr. Macdonald: Honourable senators, I move that we adjourn.

The Hon. the Speaker: What is the feeling of the Government?

Hon. Mr. Aseltine: If we adjourn at this stage what would be the first order of business tomorrow?

Hon. Mr. Macdonald: The first order of business would be the resuming of the adjourned debate on the motion of the Honourable Senator Wall, seconded by the Honourable Senator Leonard, to have the subject of inflation referred to the Standing Committee on Finance. I would point out that the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) will not be here after tomorrow. If he does not speak tomorrow I do not know when he will have an opportunity to do so. I would further point out that the only other remaining items on the Order Paper are the debate on the Address in reply to the Speech from the Throne, a bill to amend the Trans-Canada Highway Act and certain divorce bills. We are not likely to receive further legislation from the House of Commons tomorrow. I have looked over the Order Paper of that house and the only legislation that can possibly come to us is a bill for the appointment of parliamentary assistants. I see no reason for all the urgency.

Hon. Mr. Aseltine: I am quite agreeable to what the honourable Leader of the Opposition (Hon. Mr. Macdonald) has said. I just thought we might give second reading to the divorce bills. I concur in the motion that the Senate do now adjourn.

Motion agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, March 10, 1959

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

Prayers.

DOCUMENT TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following document:

Report on the operations of the Exchange Fund Account, as at December 31, 1958, pursuant to section 26 of the Currency, Mint and Exchange Fund Act, Chapter 315, R.S. 1952. (English text).

PRIVATE BILLS

CO-OPERATIVE FIRE AND CASUALTY COMPANY—FIRST READING

Hon. Donald Cameron presented Bill S-15, respecting Co-operative Fire and Casualty Company.

Bill read first time.

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

Hon. Mr. Cameron: Thursday next.

FOOTHILLS PIPE LINES LTD.—FIRST READING

Hon. William R. Brunt presented Bill S-16, to incorporate Foothills Pipe Lines Ltd.

Bill read first time.

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

Hon. Mr. Brunt: Thursday next.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 140 to 155, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

EMERGENCY SITTINGS

AUTHORITY TO CONVENE SENATE DURING ADJOURNMENT

Hon. W. M. Aseltine: Honourable senators, I move, seconded by the honourable Leader of the Opposition (Hon. Mr. Macdonald):

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

I would like to say just a word. This is the usual motion that is presented every session prior to an expected recess. As we are approaching the Easter adjournment it is desired to have this motion passed, so that if any emergency should arise while we are absent from Ottawa we could be called back to work.

I think I should also make a brief announcement at this time. Owing to the fact that we are making quite good progress with the business on the Order Paper—excellent progress, I would say—it is expected that we shall be able to adjourn for the Easter recess on the 25th of March.

Hon. Mr. Macdonald: Until when?

Hon. Mr. Aseltine: We expect to be back on the 14th of April.

Hon. Mr. Crerar: Honourable senators, before the motion carries, may I say I do not know why we should remain sitting until March 25, if the Government can get the interim supply measure before us the week previous. There seems no reason why that should not be done.

As to the business before this house, it appears to me that within a few days we shall have an almost blank Order Paper. I do not relish sitting here until March 25 with nothing to do.

Hon. Mr. Aseltine: I think I can assure honourable senators that we shall have plenty of work between now and that date. I have made inquiries, and I expect the interim supply bill will reach us some time toward the end of next week.

Hon. Mr. Power: Good; we will guarantee to pass it.

Hon. Mr. Brunt: That is up to you.

Hon. Mr. Crerar: I suggest that the honourable Leader of the Government (Hon. Mr. Aseltine) qualify his announcement of a few minutes ago by saying that we may be called upon to remain in session until Wednesday, March 25.

Hon. Mr. Aseltine: That is the date fixed for the adjournment of the other place.

Hon. Mr. Power: But they don't work as late at night as we do.

Hon. Mr. Aseltine: We have to pass the interim supply bill, and it is expected that the royal assent will be given to certain bills on that day.

Motion agreed to.

DIVORCE

BILLS—SECOND READINGS

On the Orders of the Day:

Hon. Arthur W. Roebuck: Honourable senators, in order to assist in clearing the Order Paper it has been suggested that we should deal with Order No. 5 now, for the second reading of a number of divorce bills. Accordingly, I move the second reading of the following bills:

Bill SD-121, an Act for the relief of Bernard Fourcade.

Bill SD-122, an Act for the relief of Sylvia Mary Mefrige Makad.

Bill SD-123, an Act for the relief of Marjorie Seymour Hammond Pearson.

Bill SD-124, an Act for the relief of Helene Dagenais Roy.

Bill SD-125, an Act for the relief of Violet Winnifred Kean Newton Armstrong.

Bill SD-126, an Act for the relief of Marlene Marle Korn.

Bill SD-127, an Act for the relief of Elaine Shirley Dorfman Moscovitch.

Bill SD-128, an Act for the relief of Eric Alexander McConnell.

Bill SD-129, an Act for the relief of Etta Rose Palevsky Lerman.

Bill SD-130, an Act for the relief of Edward Bruce Bonneville.

Bill SD-131, an Act for the relief of Pamela Margaret Clark Creber.

Bill SD-132, an Act for the relief of June Bernice Rath O'Hanley.

Bill SD-133, an Act for the relief of Michael Zuk.

Bill SD-134, an Act for the relief of George Frederick Davies.

Motion agreed to and bills read second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

PRIVATE BILL

BOILER INSPECTION AND INSURANCE COMPANY OF CANADA—COMMONS AMENDMENT CONCURRED IN

Hon. William R. Brunt: Honourable senators, with leave of the Senate, I would now like to deal with item No. 6 on the Order Paper, for consideration of a simple amendment made by the other house to a private bill.

The Senate proceeded to consideration of the amendment made by the House of Commons to Bill S-8, respecting The Boiler Inspection and Insurance Company of Canada.

Hon. Mr. Brunt moved that the amendment be now concurred in.

Hon. Mr. Crerar: What is the nature of the amendment?

Hon. Mr. Brunt: I will give a short explanation of it.

Honourable senators will recall that this bill was passed by this chamber some time ago. When the bill was in committee of the other place it was felt that clause 3 should be amended.

Clause 3 of the bill as passed by us was as follows:

> The three thousand shares of the company issued and outstanding prior to the passing of this act and having a par value of one hundred dollars each shall be subdivided into thirty thousand of the aforesaid shares having a par value of ten dollars each on the basis of ten shares for one. The said thirty thousand ordinary shares shall constitute the total issued capital of the company at the date of the coming into force of this act.

It will be noted that this clause contains the following words: "The said thirty thousand shares". This appears in line 33 on page 3 of the bill. The feeling in the other place was that the use of these words was not quite accurate and was capable of causing confusion, and it was suggested that the entire section be redrafted. This was done by the Parliamentary Counsel and the Assistant Clerk of the other place. Clause 3, by this proposed amendment, would now read as follows:

> Each of the three thousand shares of the company issued and outstanding and having a par value of one hundred dollars is hereby subdivided into ten shares having a par value of ten dollars each, so that the capital stock of the company now issued and outstanding shall consist of thirty thousand shares having a total par value of three hundred thousand dollars.

I have been advised that this amendment has been brought to the attention of the parliamentary agent, the Toronto solicitor who acted for the company, the Superintendent of Insurance, and the Chairman of the Committee on Banking and Commerce in the other place, and that all have approved of this amendment.

In my opinion the amendment arose because certain persons draft clauses in a bill such as this in one way and other persons have a different method of drafting the same clause. To me the new clause is every bit as satisfactory as the old one, and in addition it is somewhat shorter and the meaning is a bit clearer.

Motion agreed to.

NATIONAL HOUSING BILL

THIRD READING

Hon. W. M. Aseltine moved the third reading of Bill C-28, to amend the National Housing Act, 1954.

Hon. Muriel McQ. Fergusson: Honourable senators, I regret that I was called out of the

chamber when this bill was given second reading, for I had intended to speak on it at that time. I would like to make a few remarks now, although I will not go into the matter as deeply as I had intended to.

I am fully in accord with the principle of this bill, which was explained so very well by the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson). Adequate housing is a social necessity and I highly approve of increasing from $750 million to $1 billion the amount that can be advanced from the Consolidated Revenue Fund to Central Mortgage and Housing Corporation for this purpose. It certainly will be of advantage if we can create a fluid market for mortgages. I am in favour, too, of the corporation being able to sell insured mortgages to any purchaser who is willing to buy under the conditions that are set out in the amendment.

Regarding the amendment providing that the insurance fund may guarantee 100 per cent of the value of insured mortgages, I think that is a very excellent amendment and I do not understand why this provision has not always been in the act. I agree with all the amendments in the bill and I only wish there had been more. I read with the greatest interest the remarks of the honourable junior senator from Winnipeg (Hon. Mr. Wall) regarding the urgent need for student residences for universities. Many universities had hoped that the Government this year would introduce an amendment to the National Housing Act making it possible for universities to borrow from Central Mortgage and Housing Corporation at low rates and on long terms for the purpose of building student residences. Despite the fact that grants are being made by the Canada Council for such residences at the present time, as the figures quoted by the honourable junior senator from Winnipeg show, the amount available from this source is far too small to meet the rapidly growing need of our universities.

I had intended to discuss this matter more thoroughly but the honourable junior senator from Winnipeg has covered the subject more adequately than I could hope to, and I will say nothing further along that line except that I, together with many people throughout Canada, am deeply disappointed. I hope that sometime in the future the Government may find it possible to change its policy in this regard.

I should like to refer for a few minutes to the matter of housing for older citizens and the Government assistance that is required to meet this need.

In many European countries and in the United States, and in Canada to a lesser degree, there are current country-wide crusades taking place to provide for a better life for older citizens. One of the requirements for that better life is adequate and suitable housing.

Honourable senators, owing to progress in medical science, the increase in the number of older citizens in Canada's population has been really spectacular. For example, in Canada in 1951 the number of people of 70 years and older numbered 653,000, which was more than double the number in that age category in 1921.

Another figure that might interest honourable senators is that between 1881 and 1951 there was an increase of 154 per cent in the number of Canadians, but in the group of those over 70 there was an increase of 477 per cent.

Hon. Mr. Pratt: May I ask what period those figures cover?

Hon. Mrs. Fergusson: 1881 to 1951. That means there were a very great many more older people in our population in 1951 than in 1881, and the number is increasing. This increase, together with the trend in this country toward urbanization which results in smaller homes in which there is room for only the immediate family and no space for older relatives, is causing a real demand for low-rental housing for older people, which housing at the present time is in especially short supply. The incomes of people in Canada over 65 are not high. This is borne out by a survey made by the Dominion Bureau of Statistics in 1955 showing the income of single persons over 65 and heads of families over 65. I have a copy of the report of this survey and I think honourable senators would be interested in reading it. With the permission of the house I will place it on *Hansard*.

Hon. Mr. Aseltine: Agreed.

Hon. Senators: Agreed.

Hon. Mrs. Fergusson: Thank you.

Percentage distribution of families and unattached individuals, age 65 and over, by income groups, 1955

Income group	
Under $500	11.5
$ 500-$ 999	17.7
1,000- 1,499	16.0
1,500- 1,999	10.0
2,000- 2,499	9.7
2,500- 2,999	6.0
3,000- 3,499	4.9
3,500- 3,999	3.5
4,000- 4,499	4.0
4,500- 4,999	2.7
5,000- 6,999	8.8
7,000- 9,999	3.2
10,000 and over	2.0
Total	100.0
Average income	$2,528
Median income	$1,740

Because of the relatively low incomes of people over 65 years of age there is very little financial inducement to private enterprise to build the greatly needed low-rental accommodation. The federal Government has already assumed a considerable share of responsibility for facilitating housing for large sections of the population, but special provision should be made for older people who perhaps in the matter of shelter are more in need of help than is any other group in our country. It is my belief that accommodation or shelter for older people should include not only housing as it is defined in the National Housing Act, but also hostels where well older people, who cannot any longer look after their household chores, can live in a room and be provided with meals and other necessary help to carry on.

Assistance should also be given for building boarding homes where those who have become too feeble or too ill to care for themselves could be looked after when they do not need the care that they would have to be given, perhaps, in nursing homes.

I am aware that in the other place, when the minister was speaking on this subject, he said that under the terms of the act the Government is not able to go into these projects. But my suggestion is that the terms of the act could be changed if we have a great need, and I believe we have such a need.

Hostels and homes, which would provide some accommodation for older people who greatly need it, could be built if the act were amended to facilitate the borrowing of money at lower rates of interest, and for long terms—and, honourable senators, such buildings are urgently needed.

May I point out that one of the objects of the act accepted by everyone is to provide employment, and constructing buildings to take care of older citizens, or even constructing university residences, which I mentioned before, would provide employment equally as well as constructing housing units themselves.

Although there is no special provision in the Housing Act for housing of older people, there are at least two sections under which such housing can be built. One of these is section 36, whereby a housing project can be arranged through federal, provincial and municipal partnership. This project could include a certain number of self-contained units for senior citizens, along with housing for other families with children.

Many people who have studied the matter would like to see the corporation encourage and make it worth while for municipalities starting housing projects to include in them units for older people. These units could be put into their regular housing program, and reserved for older people.

Another section under which senior-citizen housing can be built—but it is not limited to senior-citizen housing—is section 16, which the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) described as being in operation in Winnipeg, and in which he has been very much interested. This section makes it possible for companies which are limited as to the dividends they may receive from a project to borrow up to 90 per cent of the lending value and to have a period of amortization up to the useful life of the project, but in no case to exceed 50 years. This assistance, as honourable senators know, is made by way of loan, and the full amount of the loan, plus interest—at a lower rate than can be secured on the open market—is eventually returned to the Treasury. Many service clubs, charitable foundations, church groups, business leaders, labour organizations, fraternal associations and others I have not mentioned, in various parts of Canada, have formed such limited-dividend companies to look after the housing needs of our older citizens, and with the particular idea of providing houses for people who are dependent entirely on the old age pension or on some other very limited income.

Honourable senators, the act was set up to provide reasonable housing, but, even with a limited dividend, the increase in the cost of construction of buildings has meant that the rents that must be charged to bring in even a 5 per cent dividend is in many cases too high for those with a limited income, and many people who have to depend entirely on their pensions are not able to consider living in this type of housing.

I have visited a number of senior citizens who are living in dwellings which have been built under this section, and have found that they are very happy and are provided with excellent housing. However, I think I should point out that other countries, particularly those with wider experience than Canada has had in providing housing for older citizens, have found that in general it is not a good idea to place these people in remote or segregated areas, as is so often done for purposes of economy. Sweden, Denmark and the United States, for example, which have gone into this on a much bigger scale than we, at first provided housing for older citizens away from the centre of the community, but later they changed this practice. Proximity to the centre of community activities has been found to be much better for older citizens in every way. They are happier when living where they can talk to younger people and children, where they can attend the churches they attended in earlier years, and where they can visit the shops they have always known, but in Canada

land prices are such that building for older citizens under the act usually takes place in areas remote from the centre of a town or city.

One of the things our Government might do would be to provide for making land available in more central places. At the present time the price of land in cities is usually considered prohibitive. But just to illustrate what is being done in the United States, I might say that in Detroit, for example, the downtown Park avenue Hotel, which has 240 rooms, has been taken over and turned into a residence for older people. Also in Detroit a hotel of 750 rooms in the centre of the city was acquired and used for the same purpose. In a number of other cities the same kind of thing has been done.

May I point out, honourable senators, that the largest amount of limited-dividend housing for older citizens in Canada has been built in four provinces where provincial grants are made to assist in the construction of these limited-dividend housing projects. Those provinces, as honourable senators probably know, are British Columbia, Saskatchewan, Manitoba and Ontario. There is no limited-dividend housing, particularly for older persons, in my province of New Brunswick and I believe there are none in any of the Atlantic provinces. The proportion of older citizens in the Atlantic provinces is equally as high as in any other part of Canada. I have secured figures from the Dominion Bureau of Statistics on this point, and I will say very briefly that in the Atlantic provinces the number of people over 60 represents 10.9 per cent of the population, and in Canada as a whole the percentage is 11.0, which is very close. In the Atlantic provinces the number of people over 65 represents 7.8 per cent of our population, and for Canada as a whole the percentage is 7.7, so we have a little higher proportion in that group. The group over 70 constitutes 5.1 per cent of the population of the Atlantic provinces, as against 4.8 per cent of the population of Canada. So the groups over 65 and 70 represent a higher proportion of the population of the Atlantic provinces than of the total population of Canada, and housing for senior citizens is certainly needed as urgently in those provinces as in any other part of the country.

I do not know if this is another instance where federal legislation works out to the disadvantage of our people in the eastern provinces. One such instance was strikingly outlined by the senator from Halifax North (Hon. Mr. Connolly) in this chamber on March 3, and like him I am prepared to protest event a hint of such discrimination. I only regret that I am not able to voice my protests against the lack of consideration given to the needs of the eastern provinces in as eloquent a manner as he did, but my feelings on the subject are just as strong.

It may be, however, that the reason why we do not have such housing for our senior citizens in my own province and in the other Atlantic provinces is that our provincial Governments have not passed legislation enabling provincial grants to be given for this purpose as four other provinces have done. I am sure we are just as concerned as other provinces are about this matter, but probably owing to our smaller resources our Governments have felt they could not afford such grants.

In an article in the *Community Planning Review*, the magazine of the Community Planning Association of Canada, September 1956, P.R.U. Stratton, Past President of the Vancouver Housing Association, says:

> At present federal financial assistance to such societies—

He was referring to limited dividend companies.

> —is limited to long-term loans at a low rate of interest. Local levels of Government, however, should not be expected to provide the whole of the relatively heavy subsidy required by such societies. In Europe, central Government subsidies are made available to private housing societies in the form of grants, as well as loans, to build housing for special groups.

In our province we do not even have subsidies from our own provincial Governments, and that is all the more reason why we should give federal grants.

Quite possibly if federal grants were made for these projects, in addition to the long-term loans allowed under the act, despite the lack of provincial grants our Atlantic provinces might find it possible to participate in the building of low-cost houses for senior citizens, under the provisions regarding limited-dividend companies.

Again, it may be that the reason why we in the Atlantic provinces have not made use of the provisions of the act which permit us to borrow in order to build low-cost housing for our older citizens is that we have not been aware of the possibilities that are provided under the act. For some time the Canadian Welfare Council, through its Committee on Aging, has tried to make information about housing for older citizens, as well as other services and projects for older people, known to those who are interested in providing for the needs of this class of people. Now, although through the many requests and inquiries sent to it from all over Canada the committee is well aware of the interest and desire of the people to learn about these projects, the Welfare Council, which as you probably know, is a voluntary organization, has been unable through lack of finances to

assign sufficient staff to meet adequately the need of supplying information and help to people who want it.

On reading the debates in the other house I was struck with the suggestion of the honourable member from Vancouver South, as reported on page 696 of the Commons *Hansard*, that Central Mortgage and Housing Corporation might:

> —establish a promotional or development section of the organization which could advise service clubs, church groups and others how they could participate in the limited dividend type of housing.

From my work with the Canadian Welfare Councils Committee on Aging I know there is a need for someone to do such work. Now, honourable senators, I am very well aware that the branch managers of Central Mortgage and Housing Corporation throughout Canada are charged with giving publicity to the type of housing that can be built under the act, including limited-dividend housing for older citizens, but with their other responsibilities I do not see how they can do this on as wide a scale as would be required to give a fair opportunity to people in different parts of Canada, especially in the Atlantic provinces, to participate in the advantages that are possible under the act.

Honourable senators, the National Housing Act is a wonderful piece of legislation, and those charged with administering it deserve our highest commendation. I have no criticism of the act or of its administration—in fact, I have only the highest praise—but in addition to a continuation of the projects now authorized under the act I would like to see legislation passed that would make loans available for university residences and for shelter other than housing units for older persons. I would also like to see changes made in the National Housing Act whereby the Government would enable housing for old people to be erected in central locations where cost under normal conditions would be prohibitive.

Furthermore, I think federal grants should be made to limited-dividend companies, besides the long-term loans now available, particularly if the limited-dividend company is a charitable or philanthropic one and willing to forgo the limited-dividend permitted. If the shareholders are sufficiently interested to put their money into such an operation and forgo even any dividend on their money I think they should be able to receive federal grants.

Despite the fact that under the act there is provision for long-terms and relatively low interest rates, and despite the restriction on the amount of dividend permitted, because of the increased costs the rents of many housing units are set too high for older people of limited income—many of them dependent on pensions alone—to take advantage of some of the projects that have been built. Federal grants to these limited-dividend companies I am sure would help people in the Atlantic provinces who are interested in providing this type of housing but at present are unable to do so.

I read with interest the report of the remarks of the honourable senator from St. John's West (Hon. Mr. Pratt), at page 284 of *Hansard*, from which remarks I gathered that to give grants is contrary to the spirit of the act, which provides for secured loans for the welfare of people. May I point out that in certain cases under section 36 of the act outright grants are made, which the Government does not recover. So, to ask for grants such as those given to limited-dividend projects is not in any way violating the spirit of the act.

Finally, I would like to see a department or section set up in Central Mortgage and Housing Corporation which could be devoted entirely to giving advice, help and perhaps encouragement to clubs, church groups and others as to how they can participate in providing housing in suitable locations at rents set low enough so that our rapidly increasing population of senior citizens may with their modest income take advantage of Government housing assistance.

Hon. Donald Cameron: Honourable senators, I am sorry that I was absent last week when this legislation was brought in, but I would like to take a few moments now to support very warmly the remarks of the honourable senator from Fredericton (Hon. Mrs. Fergusson).

Before doing so, I wish to commend the Government for the large amount of money it has made available during the past 18 months to encourage house building. Some spectacular things have been done, but, as the honourable senator from Fredericton has so well pointed out, there is still a segment of the population which has not benefitted to the extent that it should have, namely, the people who are retired and living on pensions.

Some of us know what has been happening in the province from which I have recently returned. There the provincial Government embarked on a five-year plan to provide houses for older people. I would suggest to the federal Government, if it wants a very popular and vote-getting program, this type is hard to beat. But politics aside, this is a great need. The older people have not as yet had the benefit they should have from this legislation.

Some years ago I had the privilege of visiting the old peoples' homes in Denmark and Sweden, where they have done just what the honourable senator from Fredericton has suggested. They established what they call "old peoples' towns", complete with self-contained units where older people live, where they have their own little garden plots, their own theatres, churches and dining rooms. They are very happy places indeed. I would like to see something like that done here.

I should like to mention another area of very great need, namely, that of university housing, which the honourable senator from Fredericton referred to. From various estimates we have we know that the university attendance in Canada will double in the next ten years, and as yet there is no sign of any intention of meeting the need for university residences. I hope that steps may be taken to bring the university residence needs within the scope of this act, and it would not be very difficult to do.

Unfortunately, in the last year or so interest rates have risen tremendously, with the result that it is now more difficult to provide housing on a self-liquidating basis than it was when costs were originally worked out; but they can still be provided at reasonable cost on a self-liquidating basis over a period of 30 to 35 years at the outside.

If the Government embarked on a program of university housing, it might well provide loans for that purpose. I suggested in a former address to this house that a 10-year program involving an expenditure of $100 million might be undertaken. That is not a heavy program, $10 million a year. First of all, it would provide a certain measure of employment and, secondly, it would provide a type of housing that is badly needed. Further, it would be a self-liquidating project. Finally, anyone who is familiar with student-residence life knows that it has no substitute for what it can do by way of character building, since the student lives in a community which has as one of its main motivations the prime factor of consideration for others.

So I sincerely hope, honourable senators, that the Government will take the opportunity at this time when the National Housing Act is being amended to broaden its scope in a more imaginative way, to make further provision for older people on small incomes, and to get into the field of university housing, which is one of the saddest aspects of our whole university picture today. The demand for financing of university buildings to provide classrooms and laboratory needs over the next ten years is so heavy that unless some access to additional funds is made available the universities are not likely to be able to do any better than they have done so far. There are some provinces which have not built a new residence on the campus since 1923.

Under the Canada Council program provision was made for allocating a certain amount of money for university residences and buildings of that kind, but the total is so small that it cannot begin to fill the need.

Therefore, honourable senators, I hope that the entire house will support the suggestion made by my colleague from Fredericton, because this is important and valuable legislation.

Hon. Calvert C. Pratt: Honourable senators, it is not my purpose to speak again on this bill, but to explain my point of view which was referred to by the honourable senator from Fredericton (Hon. Mrs. Fergusson).

I stated that I thought the National Housing Act, in as far as it affects the functions and purposes of Central Mortgage and Housing Corporation, should remain as it is. I do not think we should introduce amendments which would bring about drastic changes in the basic principles on which the corporation is founded and operates.

I am all in favour of assistance being given to meet the needs referred to, such as housing accommodation for older people and residences for students. But I pointed out that Central Mortgage and Housing Corporation is designed to administer repayable loans; in other words, if the corporation is to fulfil its functions properly, the money paid out must earn interest and be repaid. If we introduced some radical changes in the function of the corporation we might cause a confusion which would so interfere with its administration as to bring about a weakening in its primary operation.

The only point I wanted to make was that, instead of introducing the very commendable projects through an amendment of the National Housing Act, which would affect the present policy and operations of Central Mortgage and Housing Corporation, these projects should be a subject of special legislation.

Hon. Mrs. Fergusson: May I correct a possible misapprehension of my honourable colleague from St. John's West (Hon. Mr. Pratt)? Perhaps I did not make myself clear. I only meant that for some of the purposes I mentioned money should be obtainable on long terms and at low interest, as is possible under the housing plan. I do not know why it could not be done for the purposes of this type of

building as it is done in the matter of housing. I did mention grants in another connection, when I said I thought we might have them to assist low-dividend housing projects, and I still think that this would be an excellent thing. When I referred to the honourable senator from St. John's West, I meant that to make such grants would not be contrary to the act, because under certain sections of the act grants are made.

Hon. Mr. Pratt: It was chiefly the matter of administration to which I was referring.

Hon. John T. Haig: Honourable senators, I did not intend to take any part in this debate. I was in the chamber the other day when it began, and one or two remarks which have been made this afternoon are a repetition of what was said then. First, let me say that I agree with the honourable senator from St. John's West (Hon. Mr. Pratt) that housing is a specialized business. I know something about it. I was engaged for ten years in the city of Winnipeg in the house-building business. It cannot be mixed with other things. If residential properties are to be built for older people the project should be dealt with by a separate organization. If housing is needed for the universities there, again, a separate organization should be set up.

Some emphasis has been placed on the building of residential accommodation at universities for students. All the provinces which have been heard from this year have produced very healthy budgets—much better, in fact, than will be shown in the report of the dominion Government which will be issued in a few days. Expenditures by the federal Government for various purposes have added very greatly to the national expenditures, and the question arises whether the dominion is to be asked to continue to provide money for provincial uses or whether the provinces should put up their own money. A university is a provincial matter.

Regarding the point raised by the honourable senator from Banff (Hon. Mr. Cameron), may I say that I know something about universities. I am not a professor, but I have been on the board of management of the University of Manitoba for a long time. I can recall with certainty a period of only 37 years, but I believe I served longer ago than that. I was a student at Manitoba College and I am a graduate of Manitoba University. Perhaps these personal references may be pardoned. The first year I came to college a month late. I did the same the second year. The reason was that I was working as a teacher. In the first year I earned the big salary of $35 per month, and paid $10 for my board. Next year showed an improvement; I received $35 a month and paid only $9 for my board. I went to the university a month late because I had to earn money, having none of my own, and my dad had a lot of other children who, quite properly, had to share his small means. Some students lived in the college dormitories at a very low rate; the rest of us poor suckers, having hardly one dollar to rub against another, had to hunt a cheap rooming house and stay there. But who were the top men at the end of the year? The boys in the college or the boys outside? Look at the record. The moral applies right down through the years. Today similar conditions produce the same results.

Why in the world should a man or a woman receive education in a university at the expense of the public, other than as far as the maintenance of the university itself is concerned? A yearly fee, of course, is required. In my day a student paid $45; now, I understand, he pays about $200. That fee was for college tuition, but no rooms were provided. It is now proposed that houses shall be built which students will occupy for five, six, or seven months in a year; the rest of the time the accommodation will be vacant. I do not believe that the people of Manitoba or any other province should be called upon to build houses for this purpose, and I do not think it would be good for the students if they did. These boys and girls should learn that life in a country like Canada is a hard struggle. We are a new country; we are trying to develop under very difficult circumstances. Today the world is in chaos. We do not know whether another war will break out tomorrow, or the day after, or never. We do know that a gigantic struggle for power is going on, that great forces are directed against world freedom, and ours is one of the nations which must try to hold the line.

Speaking personally, I would prefer to employ a young male student or young woman stenographer who has gone through university and graduated after a hard fight, to someone who has been coddled during his or her academic life. Dozens of people nowadays are having a hard time. Some little while ago a young woman came into my office with tears in her eyes. She was born in Canada of Polish parents; she could not get a job because she spoke broken English. I asked her, "Can you take shorthand?" She said, "Yes, Mr. Haig." I then asked, "Can you be here at 9 o'clock in the morning?" She said she could. I said, "And are you sick every other afternoon?" "No," she replied. That was six months ago. We engaged her, and she is one of the best girls we ever had. She knew that she was up against difficulties, and she was trained to struggle

against them. On inquiry from the college where she graduated I was told that she was one of the best girls in the class. I am opposed to mollycoddling university students. It hurts, not me, not you, but them. It hurts them because it makes them unfit to go out into the world and fight the battle of life.

When I was attending college I was able to go home to the little town where I lived. I used to consult my mother about matters—a boy generally goes to his mother—and I learned things from her which have served me all my life. I wouldn't have learned those same lessons had I been mollycoddled at college. I wouldn't have made much progress at all. I had just so much money and I knew I had to pay my university fees in the spring, and I saved every nickel I had in order to pay them. You may not believe this, but with the exception of my Christmas vacation at home I was out of my room just one weekday in the whole school term from the beginning of November to the end of May. And I was not the only such student. The students who won medals did the same thing. They were not mollycoddled, but I remember the ones in our class who were. They were not in the same category as the rest. A man in politics tries to keep track of his old university acquaintances, and I know that years later I felt sorry for those who had not had proper training during their university years. They had not had to stand up against the gun and fight.

I don't think the people of this country would stand for the Government spending large sums of money to finance student housing. It is easy to suggest we should do it. It may sound good as a political platform, but when you got the result from the poll box you would find out differently. And I think I can speak with some authority on elections.

As to supplying housing for older people, I entirely agree with what the honourable senator from Fredericton (Hon. Mrs. Fergusson) has said. There is nothing so sad as old parents whose families have let them drift aside. They have a real problem, but it has to be handled separately. I know that in Manitoba, which is an ordinary province, many churches are building homes for the aged. This plan is working out very well indeed, but it is welfare work and should not come under a business set-up. You can't mix welfare and business. Some people will invest money in business and not in welfare, and *vice versa*, and the tax approach with respect to welfare organizations and business organizations is different.

Last year the Senate Finance Committee made a thorough study of housing problems, but it did not recommend that anything be done to carry out suggestions made to it about student housing.

The present Government has done a great deal—and this is true also to some extent of the old Government—through housing programs to provide employment for our workers and houses for our people. A family can be brought up better in a single house than in an apartment or any other type of dwelling. A person will always remember the old family home where he or she lived with his or her father and mother and brothers and sisters. It is better if they do not live under the same roof with members of other families. Perhaps I have lived in a wrong period, but in my earlier days we didn't have all these teenage, juvenile delinquency problems. I don't know why we didn't, but we didn't. It has only been in the last 25 years or so that juvenile courts have been set up to handle these problems. I am persuaded that mollycoddling of children has produced these results.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Haig: National housing was introduced by the Liberal Government. I give it full credit for this and I commend the present Government for continuing the policy. But let us not ruin the good work by introducing these other matters. If the honourable the junior senator from Winnipeg (Hon. Mr. Wall) and others want the Government to finance university residences, then let them go out to Winnipeg, Edmonton and other places and campaign for it in the name of the Liberal party. They will find they won't get any more members elected than they have now.

I have been in the Senate for quite a few years and I don't want to see people suggest things that will adversely affect policies that have been proving successful. I wouldn't want to see anything done to cause young couples to suggest to their aged parents: "There's a house for you over there. You stick to yourselves over there". My own parents are gone, but I remember everything my mother told me about business affairs and everything else. I could always depend on her advice. Hundreds of other people could say the same about their parents. We have no right to put false ideas in the heads of our young men and women.

Honourable senators, as I have said, I really don't think the people of Canada would stand for Government financing of university residences. I am all for building housing accommodation for the old people, but even that has to be done in its proper time and place. By introducing national housing development the Liberal party took the first step to help our children to be brought

up under proper living conditions. The present Government has quite properly carried on this policy, and in these last two years it has spent vast sums on housing. But this is a project that gives employment to many people across the country.

Honourable senators, I do not intend to say more. I hope the Senate will not amend the present bill. I agree entirely with the comment of the honourable senator from St. John's West that if people want the Government to help finance university housing, let them bring in a separate bill to this effect. The same comment applies to housing for the aged. Let them bring in the bills and we will discuss them on their merits.

I congratulate the people of Canada on having had two Governments which realized that economical housing is a prime necessity in this country, and that the family tie is the foundation of our national life.

Motion agreed to and bill read third time and passed.

INFLATION

MOTION TO INSTRUCT FINANCE COMMITTEE TO MAKE STUDY—DEBATE CONTINUED

The Senate resumed from Thursday, March 5, the adjourned debate on the motion of Hon. Mr. Wall:

That the Standing Committee on Finance be instructed to study the threat of inflation in Canada;

That the committee have the authority to send for persons, papers and records, and to report from time to time.

Hon. Arthur W. Roebuck: Honourable senators, I took advantage of the opportunity to address you on this general subject of money at the last session of this house, and I do not intend to repeat the statements I made on that occasion. However, the subject is so important, and the necessity for clarity of thought so great that I could not allow this motion on inflation to pass without at least some few comments.

In addressing myself to the motion, I wish first to compliment the honourable junior senator from Winnipeg (Hon. Mr. Wall) and the honourable senator from Toronto-Rosedale (Hon. Mr. Leonard) on bringing to the attention of the house a matter of great and pressing importance. In my humble opinion, both senators, by their excellent speeches, demonstrated most successfully the desirability of—I quote their words—a "comprehensive inquiry" into Canada's monetary policies, and also the need for immediate action.

In his masterly address, with its wealth of detail, the mover of the resolution (Hon. Mr. Wall) gave evidence of a most painstaking preparation that must have earned the approval, and no doubt the admiration, of all of us who are his colleagues. The studious senator justified his request for an "organized study", as he called it, of the subject of inflation by measuring the growth of the gross national product of Canada since 1949, first, in constant dollars, and then in the present currency, inflated as it has been, during those years. He told us that the difference between these figures was about $9,000 million. That impressive sum of money is the amount by which the purchasing power of our money has fallen since 1949 as applied to the gross national product of our country. I do not suppose anything further need be said to establish the desirability of a study and an understanding of the forces that brought about that change in our economy. I know that statistics are not necessary to demonstrate to people living on fixed incomes the disaster of rising prices, and of course the corollary to rising prices is falling money.

I do not propose to waste time in discussing the meaning of words, but in my vocabulary—in my terminology—the rise in prices due to the fall in value of money is inflation. Let me follow that by saying that not all increases in prices are due to that cause of falling money, and thus the necessity of distinguishing between the two causes of increase in prices. Take those increases that are not due to the change in the purchasing power of the dollar. First, you have increases in the intrinsic value of goods. The mousetrap of today may be better built than that of a few years ago, and therefore it costs more money to make and is a little more expensive to buy. Second, commodities may include materials which have gone into short supply. Third, increased wages will certainly affect prices, as will higher profits, tariffs and excise, sales taxes, gasoline taxes, and municipal taxes upon buildings and improvements on property. There are quite a number of others, but the greatest to be considered at the moment are the increase in land values and high rents. My friend from Fredericton (Hon. Mrs. Fergusson) spoke a few minutes ago about the value of land in Canada being so high in the centres of population as to make it impossible for us to provide proper housing for old people. All these things add to the cost of commodities and therefore necessarily increase prices. Then it is always possible that mounting demand for some commodity may outrun the existing means of production and thus create a seller's market. All these things may at times increase prices.

Hon. Mr. Farris: Are they not a factor in inflation?

Hon. Mr. Roebuck: If inflation means just increasing prices, yes, they are a factor. That is what I have been saying, that not all increases in prices are due to the fall in the value of the dollar, and I have tried to enumerate those things which are not to be debited against the currency factor. Of course they are factors.

Hon. Mr. Farris: Don't they assist in the falling of the value of the dollar, by contributing to it?

Hon. Mr. Roebuck: I do not think they are an element in the falling of the value of the dollar. They are an element in the increase in the cost of, and therefore the price of, commodities. That is a different thing, and should be distinguished in our thinking, from the change in the purchasing power of the dollar which is due to other causes to which I will refer.

All these things that I have enumerated, I submit to you, are not sufficient to account for the billions of dollars of increases in prices mentioned by the junior senator from Winnipeg. Certainly none of them, nor all of them together, will account for what we have seen in other countries, that is, runaway inflation, or, as it has been called on some occasions, "galloping inflation," an inflation with which I submit we are at present threatened.

Take wages to begin with, to discuss these items that I have mentioned.

Measured in dollars, wages have risen, but, measured in the commodities which wages will purchase I submit that they have risen very little. Or again, gauged in that percentage of the gross national product which goes to wages, in my opinion they have actually fallen.

Let me illustrate. Just last week I stood beside a railway track and saw a great freight train roll by. It was over a mile in length; it was composed of more than 100 cars and was drawn by a three-unit diesel locomotive. It was immensely heavier, it was longer, and it was travelling at a much greater rate of speed than did trains of years gone by, and not very many years ago at that. And note the point: it was operated by one man less than the number that comprised the crews of freight trains a few years ago. Now, if there was any increase in the real wages—there was in the money wages—of that crew, the increase was infinitesimal as compared with the increased productive power of that train. The slight increase in real wages, if there was one, is not an element to any appreciable extent in the increase in prices of the commodities which that train might carry.

Speaking of railroading, we have still to take into consideration the disappearance of roundhouses due to substitution of the diesel locomotive for steam traction.

I am emphasizing that, while wages may play some part in increasing prices, they have played a minor part in the tremendous increase to which the junior senator from Winnipeg referred.

Sometimes—oh, I should not say I am annoyed, but I cannot help wondering just why it is that those who seek to blame organized labour for rising prices persistently close their eyes to the fantastically magnified land values and high rents which now characterize the dominion of Canada. The honourable senator from Churchill (Hon. Mr. Crerar), speaking in this same debate, mentioned an increase in railway wages, and as a result of that increase the prospective advance in freight rates, which of course will probably result in some increase in prices. With that logic, of course, I can have no quarrel. It is perfectly sound. But it does not affect very greatly the problem before us at this moment. The honourable senator for Churchill might have gone a little further and told us how much of the increase in wages to which he referred was based upon the increase in such items as rent which the worker has been required to pay.

Hon. Mr. Reid: Would the honourable senator permit me a question? Are you contending in your argument that wages paid today to artisans and workmen have no relation at all to the cost of living? Is that your argument?

Hon. Mr. Roebuck: Did I say that? I said the reverse. I have been arguing clearly, at least I thought I was arguing clearly that one of the factors in the increase in prices may be wages, but what I object to is the effort to blame all increases in prices on organized labour, which is an entirely different thing, and of course in doing so I have been pointing out that there are many factors to be considered in connection with the increase in prices.

Now, in a class with the monopolization of the earth and the high prices that attach to it, but of vastly less importance in magnitude, are price increases effected by patent monopolies, cartels, conspiracies for the elimination of competition and so on. All these things may increase the selling price of goods, but all of them, I submit to you, are of lesser importance in the problem of inflation, whatever your definition of that word may be. I do not wish to spend time arguing over the meaning of words, but, in my terminology, when I speak of inflation, I refer to the decrease in the purchasing

power of money rather than to the increase in the intrinsic value of goods or the artificial scarcity, the non-accessability and so forth of the goods themselves. Inflation occurs when the prices of goods go up because the value of money goes down. There is my definition.

Then why does money go down? There is a classic phrase used by economists and very often heard from the platform and the press, and I have heard it in this chamber: money goes down when too much money chases too few goods. Too few goods I have referred to already, and that factor may not be wholly controllable; but the factor of too much money, I submit, is controllable.

Now observe this: money consists of two things, currency, which is certainly under Government control and is in fact produced by the Government printing press, and bank credits. The amount on deposit in the chartered banks, including Government deposits, is the measure of credits available to the public for the cashing of cheques. A cheque is the equivalent of so many dollar bills, because it has that much purchasing power.

The honourable junior senator from Winnipeg gave us figures with respect to these two items, namely, currency and bank credits, which have almost doubled since 1946. As I have said, the issue of currency is directly within Government control, and I submit bank credits are very largely in the same category. The excess of credit available for the purchase of commodities is both directly and indirectly within Government control. Indirectly by reason, for instance, of purchases on time of cars, appliances, and so on, and loans including building loans, which furnish purchasing power to deplete our too few goods, without immediate replacement of them; and directly, by way of Government borrowings, including the issue of Government bonds, which in public possession are like dollar bills for they are Government promises to pay and are negotiable.

The junior senator from Winnipeg gave most useful figures which show that from July 31, 1957 to January 7, 1959 the debt of Canada increased by $1,111 million. In a year and a half—and that not in wartime—the Government loaded the investment portfolios of investors in Canada with this huge amount, in addition to what had already been absorbed. There is every indication of a continuance of this high-flying finance in the coming year, in the budget that will come down in a few days, and quite likely there will be a similar indication in budgets in the years to come. Is this not sufficient explanation of the results of too much money in relation to too few goods?

That the public senses unsound financing on the part of our dominion authorities is shown first in the increased demand for common stocks, which are not repayable in fixed numbers of dollars, and secondly, in the decrease in demand for bonds repayable in a fixed number of dollars. Nor, indeed, does this tell the whole story.

It is an open secret, honourable senators, that a considerable portion of the huge amount of debts in the form of the bonds to which I have referred have been sold to the Bank of Canada and the chartered banks, and that the banks were unable to resell a considerable portion of those bonds to the public. I do not have the exact figures—perhaps the honourable junior senator from Winnipeg has them—but the amount is very large.

Let us examine that transaction. In the first instance the federal Department of Finance prints the bonds and delivers them to the banks. They are of course in the form of Government promises to pay at some future date. Secondly, the banks credit the full amount of the purchase price to the Government. Thirdly, the Government proceeds to issue cheques to the full amount of its bank credit, with which the recipients of the cheques may purchase goods, thus putting that additional purchasing power in the hands of the buying public. Then the banks, being unable to sell the bonds, put them in their vaults.

You now have printed bonds hidden away in bank vaults, on the one hand, and, on the other hand, you have Government cheques in the hands of the public to the amount the banks paid the Government for the bonds. It is a transaction that is tantamount to the printing of money for the payment of Government debts. In its essence that is "funny money". That is chiefly why our dollar has been falling in value as measured by commodities. That is inflation, pure and simple. That is why, to some considerable extent, the cost of living has been advancing, and for this, the Government authorities, in my submission, are solely responsible.

By husbanding its resources and by careful money management since the close of the recent war, the previous administration reduced the national debt of Canada by $2¼ billion. In a single year, the present administration has overspent its revenue by half that amount. Need I tell you why the buying public shies clear of Government bonds, at least to some extent, and why the

Government controlled money is falling in value? The public is not attracted to Government bonds because it has reason to fear that reckless spenders will redeem their promises to pay in depreciated money.

Hon. Mr. Haig: May I ask the honourable senator a question?

Hon. Mr. Roebuck: Yes.

Hon. Mr. Haig: When did the greatest increase in the cost of living take place?

Hon. Mr. Roebuck: It has been going on for some time. We have had a fairly steady increase for the past 20 years.

Hon. Mr. Haig: But in what years did the greatest increase take place?

Hon. Mr. Roebuck: Somebody at my hand says, during the past two years. My friend will no doubt speak on the matter.

Hon. Mr. Aseltine: It was between 1939 and 1949.

Hon. Mr. Roebuck: Yes, and the index increased considerably during the war.

Hon. Mr. Aseltine: One hundred points.

Hon. Mr. Roebuck: I have not brought the figures with me. My friends wish to rush to the defence of the present administration, but why take the increase in the price of goods, or the fall in value of the dollar, in years gone by? That is a thing of the past. Consider what is happening this year.

Hon. Mr. Haig: One more question. The railroad men asked the board for an increase of wages, and got it. Then the railroads asked for an increase of rates. Why was that?

Hon. Mr. Roebuck: I do not know what significance an answer would have. The men wanted more wages, I suppose; that was why they asked for them; and increases were granted. The board allowed an increase in freight rates, and to some extent that increase has been reflected in prices.

Hon. Mr. Haig: It raised the price of grain.

Hon. Mr. Roebuck: Yes, it increased the price of goods. But please differentiate these things from what I am talking about, which is the depreciation of our currency, the lowering of the value of our money.

Hon. Mr. Haig: It is the same thing.

Hon. Mr. Roebuck: No, it is not the same thing. The honourable senator had better think it over.

Hon. Mr. Pearson: Has not our money a higher value than United States currency?

Hon. Mr. Roebuck: What has that got to do with it?

Hon. Mr. Haig: It has not depreciated.

Hon. Mr. Roebuck: I cannot see the point of the question. In the matter of money the United States has been following a policy similar to ours. I have been trying to clarify some of the principles underlying this problem of money, the increase of prices, and the possibility of a runaway inflation. Please think about it, rather than trying to stop thought on lines, which are not acceptable to the Government—a Government which has contributed to the depreciation of our currency at a greater rate and more recklessly than any Government in my memory has done. If you want to know why I say that, I will repeat that it is officially admitted that we have spent $700 million more this past year than has been raised in revenue, and this without including expenditures on capital account.

I am not a prophet; I cannot foretell the future, and I do not wish to try. But I can say this, that if an unsound financial policy of that kind is continued at the magnitude of one billion dollars deficit in a single year, the end is inevitable. I do not say this will occur, because I believe that commonsense in the administration and the effects of public opinion will prevent it from taking place. But if the disbalance between revenue and expenditure goes on as it has in the current fiscal year, it will ruin the currency of this country.

In this matter, we are not without experience drawn from the world at large. I understand that during the intense inflation in Germany the price of a postage stamp was several thousand million marks. Our currency is not different from that of countries which have passed through severe monetary crises. I do not say that this will happen to us; I do not think it will. But I repeat by way of warning that if unsound policies of finance are continued, if the process continues far enough, the time can come when our currency could be ruined as were the currencies of Germany, France and other nations at various periods of their history. We too might reach the point where the city of Toronto could pay off its debt with a postage stamp, and the national debt could be liquidated with two postage stamps. I repeat that I believe the commonsense of all good men will prevent this outcome, but I issue the warning that the Government had better be careful, and that it is time we discussed this problem among ourselves and thought about it with all the clarity and candour that is within our power. I am entirely in favour of this resolution.

On motion of Hon. Mr. Burchill, debate adjourned.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—
DEBATE CONTINUED

The Senate resumed from Thursday, March 5, consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Pearson, seconded by Hon. Mr. Choquette, for an Address in reply thereto.

Hon. J. M. Dessureault: Honourable senators, I would like to join those who have preceded me in complimenting the mover and the seconder of the Address in reply to the Speech from the Throne on their splendid speeches.

I was deeply impressed especially by the Honourable Senator Choquette's facility in both English and French. I may say I was also a bit envious. One of the characteristics of our great country is its bilingualism.

I can add but little to the eloquent words of welcome addressed to the three new senators who have come to sit with us in this chamber, but my welcome is none the less sincere. Permit me also to congratulate the honourable Leader of the Government (Hon. Mr. Aseltine) and my chief, the honourable Leader of the Opposition (Hon. Mr. Macdonald), on their fine speeches and also on the manner in which they discharge their responsibilities and conduct the proceedings of this chamber. It is most gratifying to find the integrity of the Senate so admirably maintained. It is evident that the speech made by the late Senator Dandurand in this chamber in 1922, which has been referred to, is still vivid and that we all strive as much as possible to set partisanship aside from our deliberations. Periodically the Senate is attacked, but our strength lies in unity above party.

At this point I particularly wish to support the suggestion made by the honourable senator from Queens-Shelburne (Hon. Mr. Smith) that the honourable Leader of the Government in the Senate should be appointed a member of the cabinet.

(Translation):

Now, it gives me particular pleasure to present my respects to our distinguished Speaker. Although we both come from Quebec City and I have always considered him as a good friend, this is the first opportunity I have had since the great disturbance in 1957 of expressing in public my most sincere appreciation for his ability, his courtesy and for the dignity with which he fulfils his high functions.

(Text):

I had a few subjects in mind that I would have liked to refer to, one of which, inflation, interested me particularly, but the masterly analysis of the honourable senator for Inkerman (Hon. Mr. Hugessen) left nothing for me to add. Moreover, inflation has been discussed and will be discussed at length on the motion of the honourable junior senator from Winnipeg (Hon. Mr. Wall).

Almost all the subjects mentioned in the Speech from the Throne have been fully covered by my predecessors.

(Translation):

I would like to say a few words about the current scourge of unemployment. Every honourable senator is aware that the province of Quebec is the most deeply affected, and particularly my own city of Quebec, where there is no heavy industry.

I would especially call the Government's attention to this fact and urge it to undertake remedial measures to alleviate the hardship suffered in a large number of homes.

For several years the people of Quebec have been clamouring that the Government should see to the dredging and drainage of the Lairet river and should provide locks on the St. Charles river. All such works and improvements are closely connected with the development of the city of Quebec and would, moreover, help to alleviate unemployment in a large measure.

I have long been interested in these projects but had been led to believe that, as they came under municipal and provincial Governments, the federal Government could do nothing about them except at the time of a national emergency, in order to procure work and remedy unemployment.

It is evident that we are at this time faced with unemployment on a national scale, and it is the Government's duty to give help to the large number of our Quebec people who are at present out of work.

The City of Quebec has, it is true, undertaken with federal help some projects, to the tune of several hundred thousand dollars, in order to alleviate unemployment, but those works provide employment for a very limited number of people and the city cannot afford to do any more.

As I said a moment ago, the works on the Lairet and St. Charles rivers have long and loudly been called for. To these should also be added the construction of the new post office, which was decided upon more than three years ago. These projects have given rise to bitter discussion and during the last electoral campaigns were the favorite subjects of Conservative candidates who officially promised that they would be undertaken at an early date if the Conservatives were elected.

The Quebec electors took those promises seriously. Three Conservative members were elected in Quebec City and a Conservative Government took over in Ottawa. As a consolation, I had hoped that these promises at least would be fulfilled and the projects undertaken immediately, especially in view of the serious unemployment problem which has arisen. But what happened? Exactly nothing, none of the promises were kept, none of the works undertaken and Quebec is still waiting for action.

(Text):

You may remember, honourable senators, that a short time ago I mentioned to you that I would give a report on my recent trip to Rio de Janeiro, where I was delegated by the Canadian Government as an observer to the 47th Inter-Parliamentary Conference held there from July 24 to August 1. Mr. E. J. Broome, member of the House of Commons for Vancouver South, was the other Canadian observer. We both were accompanied by our wives.

The Inter-Parliamentary Union is international in scope and of semi-official character. It consists of national groups formed within the various parliaments.

Article 1 of its statutes is as follows:

The aim of the Inter-Parliamentary Union is to promote personal contacts between members of all parliaments, constituted into national groups and to unite them in common action to secure and maintain the full participation of their respective states in the firm establishment and development of democratic institutions and in the advancement of the work of international peace and co-operation, particularly by means of a universal organization of nations. With this object in view, the Inter-Parliamentary Union will also study and seek solutions for all questions of an international character suitable for settlement by parliamentary action, and shall make suggestions, for the development of parliamentary institutions, with a view to improving the working of those institutions and increasing their prestige.

Since its inception in 1888, in Europe, the organization has grown to include representation from 54 countries. Some 50 countries attended the Rio Conference.

The Union usually accepts observers from international organizations only, such as the United Nations, UNESCO and others, but its council welcomed Canada's renewed interest by taking a unanimous decision in favour of granting the status of "Official Observer" to both Mr. Broome and myself.

The Rio Conference was the first to be held in Latin America, and the reason for this choice was the hope that greater Latin American participation in the Union would be effected. As a result, most of the Latin American countries are now members of the Union.

The following agenda was presented to all delegates in advance of the meeting:

1. Election of the President and Vice-Presidents of the Conference.
2. General debate.
3. Principles governing the investment of foreign capital in countries in process of economic development.
4. The strengthening of peace.
(a) The problem of atomic weapons and nuclear tests.
(b) The possibility of establishing an international police force.
5. Cultural relations between countries and freedom of information.
6. Development of representative assemblies in non-selfgoverning territories.
7. Election of one member of Executive Committee.
8. Composition of the Inter-Parliamentary Council for the period from the 47th to the 48th Conference.

The debates were conducted in strict accordance with parliamentary rules of procedure. It is understandable that not all items on the agenda could be covered thoroughly, but No. 3 —"Principles governing the investment of foreign capital in countries in process of economic development"—took up most of the time. Resolutions adopted at the general conference are binding only in so far as they can be approved and furthered in the members' own national parliaments. The resolution on foreign investment, which advocated multilateral as opposed to bilateral financing of long-term development projects, and the conclusion of "an International Code of investments" defining equitable treatment of both lenders and borrowers, was unanimously adopted, to the obvious satisfaction of the Latin American delegates.

All delegations declared themselves pleased with the two resolutions adopted under the heading of "The strengthening of peace". One appeals urgently for the resumption of disarmament negotiations, preferably within the United Nations, and for the cessation under control, of nuclear weapons tests. The second recommends establishment of an "International Police Force on a permanent basis". During the debate on this sub-resolution, the chief Norwegian delegate paid high tribute to the Honourable Lester B. Pearson.

The Soviet delegation, supported by their satellite representatives, made a determined attempt, at the opening of the conference, to force a general debate of the Middle East situation. The president insisted, however, that the Soviet draft resolution be first submitted to the council. At the meeting of council, which I was privileged to attend, an Austrian-Luxembourg counter-draft resolution was introduced, which the Soviets proposed to amend to their advantage, at the same time dropping their own resolution. The problem was neatly resolved in the council, when the Austrian-Luxembourg delegations withdrew their draft resolution, and hence the Soviet amendment.

Further Soviet protests were quashed by the council president, who declared the debate closed.

To a considerable extent the initiative was taken by the West, with a brilliant general debate speech by the Right Honourable Herbert Morrison, of the United Kingdom. His advice to the communist delegations, to introduce criticism into their own parliaments, kept the Soviet speakers busy with fruitless rebuttal.

I can assure honourable senators that it was most interesting to rub elbows with so many different citizens of this world, which is growing smaller each day. Every race and colour was represented, and I was amazed and gratified to find that most of the delegates spoke excellent French.

There were facilities for simultaneous translation, and all languages were spoken at one time or another, but the majority of the addresses were made in French.

The excellent conference arrangements and generous hospitality of the Brazilian Inter-Parliamentary group and Government were warmly applauded by all delegates. The conference was held in the Chamber of Deputies, which is equivalent to our House of Commons. The President of Brazil and the Foreign Minister, as well as the Brazilian group, offered numerous receptions for delegates. An extensive program was arranged for the wives of delegates.

Here I wish to pay special homage to our competent ambassador, Mr. Arthur Irwin, and his charming wife, who gave a brilliant reception and dinner in our honour to enable us to meet Brazilian parliamentarians, local officials and Canadian residents.

As a result of Canadian participation in the Rio conference, the question of Canadian membership in the Union was naturally raised. During the conference the British, American, Australian, Pakistani and other delegates, urged that Canada join. Both Br. Broome and myself are convinced that Canadian participation would add to Canada's stature as an adult and responsible nation.

The union expressed the hope that all American countries be represented at the 48th conference, in Warsaw. The Union constitutes an international forum which will certainly be used by our opponents, and our friends feel that our voice should be added to theirs in this international field. These conferences can only result in increased understanding, increased respect and greater tolerance.

For these reasons, Mr. Broome and myself recommend that a Canadian inter-parliamentary group be formed, and accordingly I would humbly suggest, Mr. Speaker, that we meet, together with the Speaker of the House of Commons, at your convenience.

Before concluding, I would like to give a few highlights of our trip to Brazil, that beautiful South American country. Brazil is the second largest country on the American continent, coming immediately after Canada, and has a population of 65 million people, composed of whites, mostly of Portuguese descent, and Indians and Negroes. It is without colour or racial distinction, segregation or religious prejudices. Catholics are dominant.

Brazil was originally a Portuguese possession, but in 1882 independence was proclaimed, with Dom Petro the First, son of the King of Portugal, as emperor. In 1889, through a bloodless revolution, the country, became a democratic republic, called the United States of Brazil, comprising 21 districts or states, including the federal district, Rio de Janeiro, which is the capital.

Each state has a state government, whose head is the Governor. Parliament is composed of an elective federal Senate and House of Deputies. The Senate comprises 63 members, three elected for each district. Deputies, numbering about 300, are elected for four years, while senators are elected for eight years. General elections are held on October 3 for all senators and deputies, with one-third or two-thirds of the senators elected every four years in rotation. A general election was held in 1958.

The President and Vice-President, who is also the President of the Senate, are elected for a term of five years and are not immediately re-electable. 1960 will bring a new election for President and Vice-President.

Brazil now has a coalition government of two or three major parties, out of 15 or 16 different political parties, with proportionate representation for deputies, whereas senators are elected by majority.

President Juscelino Kubitschek, a remarkable man, leads the largest group, the P.S.D. Party—*Parti Social Democrate.*

The Vice-President, or President of the Senate, leads the P.T.B. Party—*Parti Travailliste Bresilien.*

Coastal Brazil is most highly populated, as the interior is practically unexplored and impenetrable. The country is about 80 per cent illiterate, but is being rapidly developed and industrialized.

As honourable senators know, Brazil yields the greater part of the world's supply of coffee. Other major products are sugar, cotton, timber, tobacco, rice and fruits. Gold is found in Brazil, as well as diamonds and semi-precious stones.

Rio de Janeiro, seat of the government, has a population of over three million. It used

to be the largest city of Brazil and the second largest of South America, immediately after Buenos Aires, but since 1957 Sao Paulo has forged ahead and is said to be the fastest growing city in the world. In 1960 the capital will be removed to Brazilia, a new city being built about 500 miles inland, which is the realized dream of President Kubitschek. Rio used to be one of the largest trading centres for slaves, but slavery was abolished in 1888. In Rio extreme wealth and poverty live side by side, and all wealth is said to be in the hands of about 200,000 people, while about a million live in *favellas*. *Favella* is a Portuguese name for a miserable shack built of cardboard or flattened cans. Thousands of these huts cling to the slopes of the beautiful hills in and around Rio, some in the very heart of the city, all without water or even rudimentary plumbing. The occupants of most of them must walk great distances for the precious water, which must be carried in cans or pitchers, often atop their heads. Numerous fountains and hydrants are installed on main thoroughfares as sources of supply. It is a pitiful sight to see a barefoot native, White, Indian or Negro, struggling up a steep slope, or across an intricate mosaic boulevard, balancing a jug of water on top of his head.

Brazilian Traction, known as the Light Company, is the largest industrial organization in the country with an investment of several hundred million dollars, and is Canadian owned. It controls traction, light, heat, power and telephone. It has a huge power plant at Lages, inside of a mountain, about 50 miles outside of Rio, and an entire town for its workers on top of a high peak. The flow of a river was diverted and huge pumps are used to raise the water to a higher level. When visiting this plant I was deeply impressed to learn that it was designed and supervised by the same engineers who are responsible for the Kitimat development in British Columbia. We were entertained there by the officials of the company.

Rio is a city of incomparable beauty and one of the most fascinating in the world. There is a saying that God made the world in seven days, but He spent two on Rio. It is built on the Atlantic coast and around Guanabara Bay. They say that the mastery of this name designates one as a real *Carioca*, a status which I have not quite achieved. This beautiful city is the seat of the Government, as I have already mentioned, and is divided into 35 districts. Until recently the mayor was appointed by the president, but is now elected at large by the *Cariocas* themselves. Carioca is an Indian term meaning "House of the White Man", but it has come to designate the residents of Rio.

When we arrived in Rio winter was in full swing, but the air was warm and the country lavish with a riot of flowers, trees, ferns, and greenery in full bloom. The city abounds in government and public buildings, palaces, monuments, statues, parks and fine residences. Many of the palaces and public buildings still retain the soft pink colour used by the royal family in Portugal. The monuments and stately buildings give an atmosphere of importance to Rio, bearing witness to the city's natural culture and historic past.

The world-famous "Sugar Loaf" peak forms a bottleneck entrance to the Guanabara Bay port, and is accessible only by cable-car.

Corcovado peak is the most famous landmark of South America, from which the 110-foot-high statue of Christ the Redeemer overlooks the city of Rio, with arms outspread as if in benediction over the entire city. The head alone measures 20 feet in height. The mountain road leading to the statue is a triumph of engineering skill. From the observation platform atop the mountain, at the foot of the statue, the most grandiose and fantastic panorama unfolds in all directions. The city spreads like a jewelled necklace hugging the bays through the hills and peaks, streets and boulevards.

Friendship, cordiality, warmth and genuine good will come naturally to the people of Brazil, and we shall never forget our warm welcome there. We arrived for a stay of about 10 days, but just as we were preparing for our return, my wife was taken to hospital, seriously ill, and we stayed five weeks instead.

In closing, permit me once more to pay special tribute to our ambassador and his wife, Mr. and Mrs. Arthur Irwin, the embassy officials and personnel, and their wives, who surrounded us with hospitality, kindness and real friendship. We may well be proud of our representatives in this Latin American country, for they have made the name of Canada respected and admired.

On motion of Hon. Mr. Horner, debate adjourned.

ST. LAWRENCE SEAWAY AUTHORITY BILL

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Leave having been given to revert to the order for presentation of reports of committees:

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill C-25.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-25) intituled: "An Act to amend the St. Lawrence Seaway Authority Act", report as follows:

Your committee recommend that authority be granted for the printing of 600 copies in English and 200 copies in French of their proceedings on the said bill.

The Hon. the Acting Speaker (Hon. Mr. Choquette): Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hayden: With leave, I move that the report be adopted.

Motion agreed to.

REPORT OF COMMITTEE

Hon. Mr. Hayden presented a further report of the Standing Committee on Banking and Commerce on Bill C-25.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-25) intituled: "An Act to amend the St. Lawrence Seaway Authority Act", have in obedience to the order of reference of March 9, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

The Hon. the Acting Speaker (Hon. Mr. Choquette): Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hayden: With leave, I move the third reading now.

Motion agreed to and bill read third time and passed.

NATIONAL DEFENCE BILL

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill C-27.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-27) intituled: "An Act to amend the National Defence Act", report as follows:

Your committee recommend that authority be granted for the printing of 600 copies in English and 200 copies in French of their proceedings on the said bill.

Report adopted.

REPORT OF COMMITTEE

Hon. Mr. Hayden presented a further report of the Standing Committee on Banking and Commerce on Bill C-27.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-27) intituled: "An Act to amend the National Defence Act", have in obedience to the order of reference of March 9, 1959, examined the said bill and now report the same with the following amendments:

1. Page 1: After subclause (1) of clause 3, insert the following:

"(2) No regulation made under this section is effective until it has been published in the *Canada Gazette* and every such regulation shall be laid before Parliament within fifteen days after it is made or, if Parliament is not then in session, within fifteen days after the commencement of the next ensuing session."

2. Page 4: Strike out lines 5 to 9 both inclusive.

3. Page 4, line 13: After "'belongs" strike out "and a Military Adviser is entitled to be paid reasonable travelling and other expenses incurred by him in the performance of his duties while away from his ordinary place of residence."

4. Page 7, lines 32 and 33: Strike out clause 7.

The Hon. the Acting Speaker (Hon. Mr. Choquette): Honourable senators, when shall the amendments be taken into consideration?

Hon. Mr. Hayden: Honourable senators, I was going to ask that the amendments be considered now. I will give a short explanation of them, and the house can then decide whether it wishes to adopt the report now.

These amendments may sound a little mysterious in the form in which they appear in the report, but there is nothing mysterious about them.

Honourable senators will recall that the bill proposes to establish a code of rules of evidence which will apply in all proceedings before military courts. This portion of the bill was approved in committee. Heretofore the rules of evidence applicable in military trials were those of the province from which the accused came. However, we did feel that, as and when the rules of evidence were settled and codified, they should become a matter of public knowledge as soon as possible. For that reason we have proposed an amendment to add a further subsection to section 152 of the act. The amendment, which was read a few moments ago, requires that the rules of evidence when settled, must be published in the *Canada Gazette* and become effective only on publication in the *Canada Gazette;* and if Parliament is sitting they must be tabled, or if Parliament is not sitting they must be tabled within 15 days after the next session commences.

The next amendment is to section 6 of the bill, striking out all of subsection 11 and part of subsection 12 of the new section 190. The purpose of the provisions in subsection 11 of the new section 190, which is brought in by section 6 of the bill, deals with the appointment of military advisers to the Court Martial Appeal Court. The feeling of the committee

was that while advisers may be necessary, and in practice in our courts they are used, as the rules permit, for the assistance of a trial judge who is hearing the evidence in the first instance, a military appeal tribunal was an entirely different situation. The evidence would already have been taken and be before the appeal Court, and surely judges who are trained in weighing evidence in all kinds of cases should be able to weigh and have a proper appreciation of the evidence at that stage of an appeal. The committee also felt that such a military advisor—assuming he would be as fair as one could be—would still be in the position where he might give to the members of the appeal court advice which would not be known to the accused and which he would not have an opportunity to meet. We felt that if the court wanted some assistance at that stage the experts should be called, and there would be an opportunity for cross-examination. In any event, we struck out this portion of the bill for that reason, and I may say there were no protests from the departmental representatives.

Finally, we struck out section 7 of the bill. Honourable senators who heard the honourable senator from Gulf (Hon. Mr. Bower) speak last evening in the house, and in committee today, will understand the very forceful objection he took to the proposed new designation in French of the Royal Canadian Air Force. The Committee, so far as the vote on this amendment was concerned, was unanimous—and I might point out that a number of French-speaking senators were present—in voting to strike out section 7 and to retain the present name in French of the Royal Canadian Air Force.

That is a brief explanation of the amendments.

I move that the amendments be taken into consideration now, subject to what other senators may have to say.

Hon. Mr. Croll: Honourable senators, it is true there were a large number of us in committee today, but I do not think it would be fair to ask senators who were not there to vote on these amendments until they have read the record. I suggest that consideration be deferred until next sitting.

The Hon. the Acting Speaker (Hon. Mr. Choquette): Consideration next sitting.

NORTHWEST TERRITORIES BILL

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce, on Bill C-26.

The report was read by the Clerk Assistant as follows:

> Your committee recommend that authority be granted for the printing of 600 copies in English and 200 copies in French of their proceedings on the said bill.

The Hon. the Acting Speaker (Hon. Mr. Choquette): Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Hayden: With leave of the Senate, I move that the report be adopted.

Motion agreed to.

PRIVILEGE

COST OF CHIGNECTO CANAL—PRESS REPORT

Hon. Austin C. Taylor: Honourable senators, I rise to a point of privilege. I noticed in today's issue of the Ottawa *Journal* a Canadian press dispatch which states with reference to the proposed Chignecto Canal:

> Senator Taylor said the canal's estimated cost is $180 million.

What I actually said was, as reported in *Hansard* of yesterday, page 324:

> The Chignecto Canal project, even as late as 1958, was estimated to cost between $80 million and $100 million.

I would like to have that correction made.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, March 11, 1959

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

Prayers.

FISHERIES IMPROVEMENT LOANS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-30, to amend the Fisheries Improvement Loans Act.

Bill read first time.

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

Hon. Mr. Aseltine: With leave of the Senate, next sitting.

PRIVATE BILLS

PACIFIC STANDARD LIFE INSURANCE COMPANY BILL—REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill S-12.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill S-12, intituled: "An Act to incorporate Pacific Standard Life Insurance Company", have in obedience to the order of reference of March 5, 1959, examined the said bill and now report the same with the following amendments:

1. Strike out the title of the bill and substitute the following therefor:

"An Act to Incorporate Paramount Life Insurance Company."

2. Page 1, line 16: Strike out "Pacific Standard Life Insurance" and substitute the following therefor:

"Paramount Life Insurance".

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

Hon. Mr. Hayden: With leave of the Senate, now.

Hon. Mr. Reid: Next sitting of the house.

The Hon. the Speaker: Consideration next sitting.

CONGREGATION OF SISTERS OF HOLY FAMILY OF BORDEAUX—REPORT OF COMMITTEE

Hon. A. L. Beaubien, Acting Chairman of the Standing Committee on Miscellaneous Private Bills, presented the report of the committee on Bill S-14.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred the Bill (S-14) intituled: "An Act to incorporate the Congregation of the Sisters of the Holy Family of Bordeaux", have in obedience to the order of reference of March 5, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Gustave Monette: With leave, I move the third reading now.

Honourable senators may I add a word or two?

At the meeting of the committee this morning the legal question as to the relative powers of the provinces in regard to the matter of education was discussed. Honourable senators will note that the bill asks for powers in the realm of education, to be exercised in all provinces. The question came up whether this corporation as incorporated could legally exercise those powers of education in every province. References were made to some cases in this connection. I just wanted to refer to the principal decision given by the Privy Council in 1916 in the Bonanza Creek Gold Mining Company Limited *versus* The King, where the matter was particularly discussed. There it was said:

Their Lordships, however, take the view that this principle amounts to no more than that the words employed to which a corporation owes its legal existence must have their natural meaning, whatever that may be. The words of the British Companies Act were construed as importing that a company incorporated by the statutory memorandum of association which the act prescribes could have no legal existence beyond such as was required for the particular objects of incorporation to which that memorandum limited it. A similar rule has been laid down as regards companies created by special act.

So it was concluded that the powers of education are within the jurisdiction of the provinces, and that even with the permission of the provinces the corporation could not exercise those powers if in its memorandum of association or in its special act it was not given the right to exercise such powers. I think I should say this now, although this morning in the committee honourable senators took my word as well as the comments of others learned in the law who were there.

Motion agreed to and bill read third time and passed.

CANADIAN GENERAL COUNCIL OF BOY SCOUTS ASSOCIATION—REPORT OF COMMITTEE

Hon. Mr. Beaubien presented the report of the Standing Committee on Miscellaneous Private Bills on Bill S-13.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred the Bill (S-13) intituled: "An Act respecting The Canadian General Council of The Boy Scouts Association", have in obedience to the order of reference of March 5, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. Lambert: With leave, I move the third reading now.

Motion agreed to and bill read third time and passed.

CANADIAN GRAPHIC ART EXHIBITION IN YUGOSLAVIA

INQUIRY AND ANSWER

Hon. Jean-François Pouliot inquired of the Government, pursuant to notice:

1. Is it a fact that 57 works of Canadian graphic art are being exhibited on a three-month tour of Yugoslavia's main cities?
2. Do they belong to a private collection or to a branch of the Government of Canada?
3. In the latter case, (a) What is the subject matter of each work? (b) Who did it? (c) If those works are exhibited for sale, what is the price, and to whom shall it be paid?

Hon. W. M. Aseltine: I have the following answer to the honourable gentleman's inquiry:

1. Yes.
2. Thirty-five belong to the artists; eleven belong to commercial art galleries; eleven belong to the National Gallery of Canada.
3. (a) and (b) The subject-matter, as indicated by the titles of the works, and the names of the artists are as follows:

Thompson River Cliffs (drawing) by Alistair Bell.
Boats in Winter (colour woodcut) by Alistair Bell.
Samothrace (drawing) by Léon Bellefleur.
Milkweed at Oak Lake (drawing) by Bruno Bobak.
Bittern (serigraph) by Bruno Bobak.
Mare's Tails (serigraph) by Bruno Bobak.
Bird in Grasses (linocut) by Bruno Bobak.
Skyward (drawing) by Kasuo Nakamura.
The Drinker (etching) by Moe Reinblatt.
Women with Lampshades (etching) by Moe Reinblatt.
Schoolgirls (etching) by Moe Reinblatt.

(c) Works of art belonging to the National Gallery are not for sale.

NATIONAL DEFENCE BILL

COMMITTEE AMENDMENTS CONCURRED IN

On the orders of the Day:

Hon. Salter A. Hayden: Honourable senators, with leave of the Senate, I would like to have item No. 4 on the Order Paper considered first.

The Senate proceeded to consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill C-27, to amend the National Defence Act.

Hon. Mr. Hayden: Yesterday I gave an explanation of the amendments, but, at the request of the honourable senator from Toronto-Spadina (Hon. Mr. Croll), consideration of these amendments was to stand until today. I move that they be now concurred in.

Motion agreed to.

THIRD READING

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

Hon. Mr. Aseltine: Honourable senators, in view of the fact that this bill must be returned to the House of Commons for its consideration of our amendments, which may take some little time, with leave of the Senate I move third reading of the bill now.

Motion agreed to and bill as amended read third time and passed.

TRANS-CANADA HIGHWAY BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. W. M. Aseltine: Honourable senators, I would ask the indulgence of the Senate to permit item No. 5 on the Order Paper, for the second reading of Bill C-29, to amend the Trans-Canada Highway Act, to be proceeded with at this time. Is this agreeable to honourable senators?

Hon. Mr. Macdonald: I have no objection to this procedure. However, after the honourable Leader of the Government (Hon. Mr. Aseltine) has made his statement on second reading it might be advisable to have the debate adjourned until tomorrow. In the meantime we could have an opportunity to study his statement.

Hon. Mr. Aseltine: That would be agreeable. I have certain tables that I will ask to have placed on *Hansard* and they could be studied before the next sitting.

I now move the second reading of this bill. Honourable senators will remember that the Speech from the Throne contained the following reference to this legislation:

My ministers will recommend an increase in the total funds that may be expended under the Trans-Canada Highway Act.

This bill has been sent to us in consequence of that announcement in the Speech from the Throne.

Honourable senators, perhaps I should make a general statement in connection with Trans-Canada Highway matters, in order to familiarize the house with what has taken

place in the past. The first organized effort was the formation of the Canada Highway Association, as far back as 1910. The object of that association was the construction of a highway all across Canada.

Hon. Mr. Reid: Was that a private organization?

Hon. Mr. Aseltine: It was an ordinary private association. Honourable senators will remember that certain automobile associations and good roads associations in different parts of Canada made demands for a trans-Canada highway. After World War I there was a great increase in motor traffic in all parts of this country. Roads were then a municipal responsibility, and from time to time the provincial Governments made grants to the municipalities for trunk highway systems which were set up in most of the provinces. However, in the years 1919 to 1928 certain grants were made by the Parliament of Canada to the provinces for highway improvements for interprovincial connections, but they had nothing to do with the Trans-Canada Highway.

In the years 1930 to 1938 unemployment relief grants were made by the federal Government to the provinces, with specific reference to Trans-Canada highway, and 50 per cent of those grants had to be spent on the highway as then designated. During World War II, as honourable senators are aware, there was no capital available for highway construction; consequently, there was a lull in that work. It was not until 1949, when the Trans-Canada Highway Act was passed by Parliament, that any machinery was set up for the building of a transcontinental highway. In 1950 agreements, authorized by the act, were made with the provinces of British Columbia, Alberta, Saskatchewan, Ontario, New Brunswick, Prince Edward Island, and Newfoundland, and in 1952 an agreement was made with the province of Nova Scotia. These agreements provided that Canada would contribute 50 per cent of the cost of new construction and 50 per cent of the cost of construction which had been done previously and which could be incorporated into the highway system.

The contribution to be made by the federal Parliament was fixed at that time at $150 million, and the date set for completion was December 1956. However, the project turned out to be larger and more expensive than originally estimated, and after the first four years it became apparent that the highway could not be completed by 1956. In November 1955 there was a federal-provincial conference, which resulted in amendments to the act in 1956, extending the construction period to December 1960 and increasing the amount of the federal contribution from $150 million to $250 million. New agreements were then made with nine provinces providing for conformity with general specifications, standard of paved highway, elimination of requirement for reconstruction by provinces of sections then paved to a satisfactory standard, and things of that nature; and providing also that Canada contribute, in addition to the 50 per cent already agreed upon, 90 per cent of the construction cost of 10 per cent of the mileage in each province.

Since that time much progress has been made in the nine provinces which signed these agreements. As I stated some time earlier this session, Saskatchewan completed its 406 miles in 1957. Of course, construction across the Prairies is considerably easier than it is through mountain passes in British Columbia and in the area along the north shore of Lake Superior. The other provinces, except Newfoundland, expect to complete their portion of the highway some time in December 1960. However, construction costs have gone up and it is necessary for Canada to increase the aggregate of funds provided by the 1956 statute. This amendment provides for another $100 million in addition to the $250 million already authorized.

Hon. Mr. Baird: Is it expected that $100 million will be enough to complete the job up to 1960?

Hon. Mr. Aseltine: I shall come to that later on and give the total cost.

Hon. Mr. Taylor (Westmorland): May I ask if the 90 per cent of the cost of 10 per cent of the mileage is authorized by legislation or by agreement between the provinces?

Hon. Mr. Aseltine: I understand it is authorized by the act.

I have already stated that considerable progress has been made since 1956. At the present time, of the total 4,470 miles in the nine provinces and through the national parks, 3,090 miles of grading have been approved for construction, with 2,781 miles completed. Also, 2,196 miles of paving have been approved, with 2,101 miles completed. In addition to the mileage paved to Trans-Canada Highway standards there are approximately 950 miles of paved surface along the route which was constructed by the provinces prior to 1949.

The highway traverses five national parks, as follows:

Park	*Miles*
Terra Nova, Newfoundland ...	26
Banff	51
Glacier	29
Yoho	29
Revelstoke	8
Total,	143

Construction through the national parks is the responsibility of the federal Parliament.

The distribution among the provinces of the cost of the highway in the national parks is as follows:

Park	*Millions of dollars*
Terra Nova, Newfoundland .	9.2
Banff, Alberta	19.9
Yoho, B.C.	13.9
Glacier, B.C.	14.5
Revelstoke, B.C.	3.5

The figures of the money actually spent in Newfoundland, Alberta and British Columbia should be increased by the amount that is to be expended on the national parks program in those provinces.

Honourable senators, I wish to give now a brief summary of the final figures in connection with the Trans-Canada Highway. I am informed that 69 per cent of the total mileage has been approved for grading, and that 40 per cent of the total mileage has been paved to standard. If you include the 950 miles, approximately 68 per cent of the total mileage has been paved. It is expected that by the end of the coming summer 85 per cent of the highway will be paved.

It is estimated that by the time the highway has been completed there will have been spent by the federal Government the following amounts:

In province of	*Millions of dollars*
Prince Edward Island	6.5
Nova Scotia	19.5
New Brunswick	38
Ontario	87
Manitoba	20
Saskatchewan	50.5
Alberta	22.5
British Columbia	97
Newfoundland	20

These are the estimated costs, and they include the expenditures to the completion of the highway. In addition, of course, is the cost of constructing the highway through the national parks, which cost is being paid for by the federal Government.

Hon. Mr. Vien: Will the honourable leader permit a question? Are these amounts only the cost to the federal treasury or do they include the total cost of construction?

Hon. Mr. Aseltine: Just the cost to the federal treasury.

Hon. Mr. Vien: These are the payments by the federal treasury toward the cost of construction?

Hon. Mr. Aseltine: Yes.

Hon. Mr. Dupuis: May I ask a question? Is the policy of the Government to the effect that the amounts that would have been granted to Quebec are set aside for future expenditures by that province?

Hon. Mr. Aseltine: I cannot tell you what the policy of the Government is. Quebec, I understand, refused to sign any agreement and there has been no construction of the Trans-Canada Highway, as such, in that province. If an agreement were reached with Quebec, the amount required to be paid by the federal Government on that project would be additional to the amounts I have mentioned.

Hon. Mr. Vien: Do I understand that in addition to the amounts the honourable senator has put on the record the provinces in each case have contributed a similar amount on a 50-50 basis?

Hon. Mr. Aseltine: Not exactly. They have contributed 50 per cent, but the federal Government has contributed 40 per cent more on 10 per cent of the mileage in each province. Figures will be given in a table which I will file later on.

Hon. Mr. Vien: Will the honourable gentleman give us also the mileage of the highway in each province?

Hon. Mr. Aseltine: I will file a table showing that.

The road will cost Canada, aside from provincial contributions, approximately $400 million. In so far as the highways through the parks is concerned, there had been expended, up to March 31, 1958, about $31 million.

Honourable senators, I have here a number of tables which I think will be found very interesting and informative.

Table 1 shows the length of highway by provinces; table 2, grading construction from December 10, 1949 to January 31, 1959; table 3, paving construction for the same period; table 4, the structures, such as bridges and that kind of thing also for the same period; table 5 is a summary of contractual commitments between December 10, 1949 and February 14, 1959, and table 6, is a summary of

Canada's commitments for additional 40 per cent contributions and payments made from December 10, 1949 to January 24, 1959.

Honourable senators, with leave I will place these six tables on *Hansard*.

Hon. Senators: Agreed.

Table 1

Length of Highway by Provinces

	Miles
Newfoundland	554
Prince Edward Island	71
Nova Scotia	311
New Brunswick	390
Ontario	1,436
Manitoba	309
Saskatchewan	406
Alberta	282
British Columbia	568
National Parks	
Terra Nova	26
Banff-Yoho	80
Glacier-Revelstoke	37
Total	4,470

Table 2

Grading Construction

10 December, 1949 to 31 January, 1959

Province	Miles of grading contracts approved	Mileage completed
Newfoundland	366	277
Prince Edward Island	71	71
Nova Scotia	118	108
New Brunswick	158	148
Ontario	830	711
Manitoba	244	244
Saskatchewan	406	406
Alberta	278	278
British Columbia	476	433
National Parks		
Terra Nova	26	20
Banff-Yoho	80	80
Glacier-Revelstoke	37	5
TOTAL	3,090	2,781

Table 3

Paving Construction

10 December, 1949 to 31 January, 1959

Province	Miles of paving contracts approved	Mileage completed
Newfoundland	51	34
Prince Edward Island	70	70
Nova Scotia	26	26
New Brunswick	96	94
Ontario	609	535
Manitoba	289	289
Saskatchewan	406	406
Alberta	278	276
British Columbia	291	291
National Parks		
Terra Nova	—	—
Banff-Yoho	80	80
Glacier-Revelstoke	—	—
TOTAL	2,196	2,101

NOTE: In addition to the 2,101 miles of completed pavement, there are 950 miles of pavement completed prior to December, 1949, on the designated route. Reconstruction of this mileage will depend on provincial planning and ability to finance.

Table 4

Structures

10 December, 1949 to 31 January, 1959

Province	Structures approved	Structures completed
Newfoundland	36	33
Prince Edward Island	4	3
Nova Scotia	25	20
New Brunswick	22	13
Ontario	110	63
Manitoba	33	30
Saskatchewan	15	15
Alberta	36	36
British Columbia	74	54
National Parks		
Terra Nova	4	—
Banff-Yoho	24	23
Glacier-Revelstoke	8	—
Total	391	290

Table 5

Summary of Contractual Commitments, 10 December, 1949 to 14 February, 1959.

Province	Total Commitment Approved	Canada's share including additional 40%	Canada's share paid to date
Newfoundland	$ 30,735,179.80	$ 18,970,828.47	$ 12,706,044.48
Prince Edward Island	8,477,741.02	5,348,733.62	3,807,646.67
Nova Scotia	18,625,511.01	13,257,755.50	6,414,353.10
New Brunswick	38,437,147.28	26,696,957.00	20,820,251.89
Quebec			
Ontario	152,366,571.94	88,858,860.95	49,895,938.87
Manitoba	31,357,921.15	17,308,438.82	14,186,961.80
Saskatchewan	27,759,207.27	15,864,748.65	15,219,691.13
Alberta	35,487,930.14	20,832,455.47	18,989,110.32
British Columbia	119,032,618.69	70,403,347.54	50,320,157.73
Total	$462,279,828.30	$277,542,126.02	$192,360,155.99

Table 6

Summary of Canada's commitments for additional 40% contributions and payments made 10 December, 1949 to 24 January, 1959

Province	Additional 40% commitments	Payments made
Newfoundland ...	$ 3,603,238.57	$ 1,156,633.12
Prince Edward Island	1,109,863.11	360,218.65
Nova Scotia	3,945,000.00	769,929.52
New Brunswick ...	7,465,843.36	4,039,018.72
Ontario	12,675,575.00	3,060,622.07
Manitoba	1,629,478.25	557,967.00
Saskatchewan	1,985,145.00	1,821,283.20
Alberta	3,088,490.40	2,151,184.35
British Columbia .	10,887,038.20	3,205,629.19
Total	$46,389,671.89	$17,122,485.82

Hon. Mr. Vien: Would the honourable gentleman give us also a map showing the location of the highway from one end of the country to the other.

Hon. Mr. Aseltine: I have a good deal of information here, with maps, but not enough maps for distribution to every senator.

Honourable senators, I have now given you a farily clear summary of the Trans-Canada Highway matters up to the present. I believe that the completion of this highway within the next two years will be a feat of which we will all be proud and that it will be of great commercial and scenic value to the people of this country and to visitors here from other countries. When it is completed it will be possible to travel from one coast to the other by highway without leaving Canada.

Hon. Mr. Farris: How are we going to get across Quebec?

Hon. Mr. Aseltine: There are rather good highways through Quebec.

Hon. Mr. Macdonald: Once you get to Quebec you will want to stay there.

Hon. Mr. Aseltine: I presume when any agreement is reached with the province of Quebec another Trans-Canada Highway Bill will be passed to provide more money for that purpose.

Hon. Mr. Vien: May I ask the honourable leader if this bill will be referred to committee?

Hon. Mr. Aseltine: I have no objection to that. The reason why I asked for leave to make these preliminary remarks this afternoon was that we might be able to have second reading by the end of this week. If that is done, the Standing Committee on Banking and Commerce may consider the matter in more detail on Tuesday morning next.

On motion of Hon. Mr. Smith (Kamloops), debate adjourned.

DIVORCE

BILLS—THIRD READINGS

Hon. F. W. Gershaw, for Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills.

Bill SD-121, an Act for the relief of Bernard Fourcade.

Bill SD-122, an Act for the relief of Sylvia Mary Mefrige Makad.

Bill SD-123, an Act for the relief of Marjorie Seymour Hammond Pearson.

Bill SD-124, an Act for the relief of Helene Dagenais Roy.

Bill SD-125, an Act for the relief of Violet Winnifred Kean Newton Armstrong.

Bill SD-126, an Act for the relief of Marlene Marle Korn.

Bill SD-127, an Act for the relief of Elaine Shirley Dorfman Moscovitch.

Bill SD-128, an Act for the relief of Eric Alexander McConnell.

Bill SD-129, an Act for the relief of Etta Rose Palevsky Lerman.

Bill SD-130, an Act for the relief of Edward Bruce Bonneville.

Bill SD-131, an Act for the relief of Pamela Margaret Clark Creber.

Bill SD-132, an Act for the relief of June Bernice Rath O'Hanley.

Bill SD-133, an Act for the relief of Michael Zuk.

Bill SD-134, an Act for the relief of George Frederick Davies.

Motion agreed to and bills read third time and passed, on division.

INFLATION

MOTION TO INSTRUCT FINANCE COMMITTEE TO MAKE STUDY—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Wall:

That the Standing Committee on Finance be instructed to study the threat of inflation in Canada;

That the committee have the authority to send for persons, papers and records, and to report from time to time.

Hon. G. Percival Burchill: Honourable senators, I do not intend to make any extended remarks this afternoon, but, having listened to my good friend the honourable senator from Toronto-Spadina (Hon. Mr. Croll) speak to the house on this subject, I felt I would not be honest with myself if I did not place upon the record some figures which do not entirely substantiate some of the statements the honourable senator made.

Before I launch into that discussion, I should like to take this opportunity, the first I have had, to extend a very warm welcome, to our new colleagues in this chamber, and to express the hope that they will enjoy many years of service to Canada. I can assure them that in the Senate there are many opportunities for service to our country.

The statements made by my honourable friend from Toronto-Spadina to which I wish to refer, are these:

> —big business is looking for a new scapegoat in order to shift attention, and from all appearances it looks as though labour is it.
>
> —much of the blame falls on the great corporations which find that competition no longer is an effective restraining force.

The blame, I take it, is for the high cost of living.

Now, honourable senators, I hold no brief for the big corporations, but I think the honourable senator was a bit unkind when he made those statements. I have some knowledge of one company, with which I am quite familiar, and I think perhaps it may be regarded as a pattern for corporations, big and small, across Canada. I believe the honourable gentlemen might consider this organization in the category of a big corporation, since its volume of annual sales is in the order of $34 million.

Let me give some figures on annual increases in wages paid by this company, starting with 1953:

Year	Percentage of Wage increase
1953-54	5.9
1954-55	3.8
1955-56	6.4
1956-57	5.7
1957-58	3.3

The last-mentioned percentage is based on a contract for two years.

The cost of living index as published by the Dominion Bureau of Statistics for the same period is as follows:

Year	Index	Percentage of increase
1953	115.5	
1954	116.2	.6
1955	116.4	.2
1956	118.1	1.5
1957	121.9	3.2
1958	125.1	2.6

In 1958 the cost of the increase to the company amounted to approximately $500,000.

In the years under review the only price change was in 1956, when one commodity of the company was increased by approximately 7.5 per cent, and another within a range of from 5 to 10 per cent. In all the other years there was no change in the prices of the company's products. When the company assumed the extra cost involved in these wage increases it meant that the common stockholders received no dividend on their stock in 1958.

The company of which I have been speaking is a manufacturer of box boards and container boards, and I offer its record in support of my contention that manufacturers are exerting every effort, not only to hold the line and keep prices stable, but, in the case of this particular company, to reduce prices to the consumer. As a result of an application by this company to the Canadian Freight Association an amendment to the Canadian freight classification was secured which enabled consumers to enjoy the advantages gained through introduction by the company of a stronger, lighter-weight craft liner board, which advantages meant a saving to customers of from 6 to 7 per cent in the cost of that particular type of container.

My honourable friend from Toronto-Spadina suggested that there should be a "public mechanism" in addition to that which now exists in the Combines Act, the Criminal Code, and related acts; and he suggested the "appointment of a consumers' fair price council . . . to hold public hearings on the pricing policies of the great corporations". I take it he has reference to a body similar to the Board of Transport Commissioners, or, in the provinces, the Public Utilities Commissions.

So let us examine a public utility company whose rates are regulated by a public commission which reviews and studies through cost accountants and consultants all the evidence submitted to it, before passing on an application for increased rates. The capital structure and all operations of the company are examined, and on the basis of the report made to the commission the application is considered and judged.

Let me refer to the record of a telephone company. In the ten-year period from 1948 to 1958 the number of telephones almost doubled and the number of messages increased by 64 per cent. One would have expected the increased revenue would carry the additional expense load, but the expenses increased faster than the revenue. The number of company employees increased by 28 per cent, while the payroll during the same period increased by 150 per cent. Because of that and other increased expenses, such as higher cost of materials, taxes, etc., the company was obliged to go before the Board of Public Utilities and ask for higher rates. After a thorough examination, the application was granted. I am not proud of those rates for telephone service, for they are

extremely high, but what other recourse had the company than to ask for higher rates?

The constant demand for telephone service by new customers and the introduction of television and the micro-wave call for new capital money, which can be obtained only if the companies are operating profitably; and, of course, the stockholders are entitled to a reasonable dividend. All of which means that the public have to pay more money for their telephones.

Now, I think I have said enough to convince the chamber that my honourable friend was not quite generous when he made the statement that companies must accept the greater share of the blame for the high cost of living. My remarks are not to be taken as assuming that labour is receiving too much. That is not my object at all. I simply want to place before the house the almost impossible position in which many companies find themselves. Companies, you must remember, are the trustees of their shareholders, whose interests must be considered as well as those of the employees.

In addition to the disastrous effect of inflation on fixed incomes, pensions and the happiness and well-being of a large percentage of our people, several speakers have mentioned its utterly destructive impact on our export business, and one quite frequently hears the expression that we are pricing ourselves out of export markets.

I want to give you an example of what is happening to one commodity in that respect at the present time. The eastern lumber industry is dependent on the United Kingdom market. Today there is no United Kingdom market, and consequently the eastern lumber business is disappearing. The United Kingdom market is still using its customary quantity of lumber, but it is not buying it from Canada; the supplies are coming from Russia, Poland and Scandinavia. Here is a traditional market for our Canadian wood where, within the last year, the price has been reduced from £73 per standard to £67 by the Russians, and £66 by the Poles—all since last season's shipments.

The cost of producing eastern Canadian lumber leaves no choice for manufacturers but to try to find means of disposing of their goods on this continent. Competition with the Europeans is out of the question. But when we turn to markets on this continent, what are we faced with? The level of railway rates makes it impossible for eastern goods to reach the markets of Montreal and Toronto and the United States. So down in my part of the country, with the ships gliding by the coast to enjoy the advantages of the St. Lawrence Seaway, with our traditional market in Britain gone, and fenced off from the west as we are by an impossible rail rate, what can we do? Talk of deficiency payments, honourable senators! Our friends from the west should keep going on right to the Maritimes, for that is the place where deficiency payments are needed.

When I came first to this house I had the great honour of being a room-mate of the honourable senator from Waterloo (Hon. Mr. Euler) and the honourable senator from Leeds (Hon. Mr. Hardy) in the room now occupied by them and the honourable senator from St. John's (Hon. Mr. Baird). I learned a lot from both these gentlemen. The Honourable Mr. Euler is an old and experienced parliamentarian. He warned me, "Never attempt to tell a story in Parliament; it doesn't 'go' ". But I am going to try to tell one this afternoon, because something comes to my mind as I speak about present conditions in the lumber industry in New Brunswick and generally in the Maritimes. Last spring, on my first trip to the little seaport village where I have the pleasure of owning a summer cottage, I visited the village store. The storekeeper was sitting there with his friend—just the two of them. I asked, "How are things in Bay du Vin?" The storekeeper looked up at me and replied: "No good. No improvement economically, no improvement financially, and no improvement morally". His neighbour sitting there, added, "I guess we are at a standstill." That pretty well tells the story of the eastern Canadian lumber business: we are at a standstill at the present time.

To turn from lumber to newsprint—we are all familiar with the fact that our purchases from abroad over the years have been balanced largely by our exports of newsprint. Newsprint is by far the major item in balancing Canada's financial accounts with the United States. Fifteen per cent of this country's foreign exchange is obtained by the sale of newsprint, and 80 per cent of the payroll of a Canadian newsprint company comes from the dollars we get by selling newsprint and pulp in foreign markets. But today our newsprint industry is threatened by lower-cost production in other countries. It is menaced too by the industry in the southern United States, which over the last few years has been rapidly increasing. Technologists have learned how to make satisfactory newsprint from southern pine, and Canada's waterpower costs are no longer substantially lower than steam power costs in the south, while wood

costs in this country are not always lower than those in the southern United States.

No statement I could make this afternoon is more soundly based than this, that Canada cannot live without a vigorous and healthy export trade. So I say that this matter of inflation is so vital, so urgent for so many Canadians in so many different ways, that I can think of no question which could be better made the subject of study by a Senate committee. I feel that this might be productive of good results. Certainly I cannot see any damage it could do; and there is always the possibility, aye the hope, that much good would come of our efforts.

Therefore I welcome the motion. I hope it will be carried and that the Finance Committee will tackle the job with the proper approach and accomplish as good results as have been achieved on similar assignments during the past few years.

Hon. Jean-François Pouliot: Honourable senators, I move, seconded by my honourable colleague from Bruce (Hon. Mr. Stambaugh), that the motion now before the house be amended by adding thereto the following paragraph:

The members of this committee shall be those who have already spoken in this debate on the subject of inflation, and those who have spoken on the subject of inflation in any other debate during this session of Parliament.

Hon. Mr. Haig: Honourable senators, I move, seconded by the honourable senator from Bedford-Halifax (Hon. Mr. Quinn), that the debate be now adjourned.

The Hon. the Speaker: Honourable senators, the question is on the motion of the Honourable Senator Haig, seconded by the Honourable Senator Quinn, that this debate be now adjourned. Is it your pleasure to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

Hon. Mr. Pouliot: Honourable senators, I rise on a point of order. I introduced an amendment to the motion before the house and I would like it to be taken up at this time.

The Hon. the Speaker: I would inform the honourable senator from De la Durantaye (Hon. Mr. Pouliot) that the motion for the adjournment of the debate has already been carried. I would ask the honourable gentleman to submit his motion in writing and I will put the question on his amendment to the house tomorrow.

WORLD AMATEUR HOCKEY TOURNAMENT

Hon. Mr. Aseltine: Honourable senators, I have a very important announcement to make. A memo has just been handed to me to the effect that it has been announced over the radio that Belleville McFarlands, Canada's representatives in the world amateur hockey tournament in Prague, Czechoslovakia, have defeated the Russian team by a score of 3 to 1.

SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

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

Hon. R. B. Horner: Honourable senators, it is not unusual to see me rise to take part in the debate on the Address in reply to the Speech from the Throne. Every session, notwithstanding that a number of good speeches are made during the debate on the Address, it always seems to me there is something left that I want to say.

First of all, may I congratulate the mover (Hon. Mr. Pearson) and the seconder (Hon. Mr. Choquette) of the Address. As one who may be considered somewhat of a prehistoric relic in this chamber, I also wish to extend a hearty welcome to our three newly-appointed senators. I have known the honourable gentleman from Saskatchewan (Hon. Mr. Hnatyshyn) for a great number of years.

During this session there has been a lot of discussion about the seriousness of the threat of inflation, so I am going to take the present opportunity to deal with this subject. I believe I am in order in doing so.

Hon. Mr. Haig: Certainly.

Hon. Mr. Horner: I would like to congratulate some honourable senators on the speeches they have made here this session. Although we have not always agreed, I would like to commend the honourable the senior senator from Winnipeg (Hon. Mr. Haig) for his most vigorous remarks of yesterday. I would also like to congratulate the honourable senator from Waterloo (Hon. Mr. Euler) upon the excellent non-political speech he made during the debate on the Address. It was a speech that was typical of him. I heartily concurred in most of the views he expressed, and wish more such speeches were made in this chamber. The honourable senator from Churchill (Hon. Mr. Crerar) made a fine contribution to the debate

on the motion to have the subject of inflation referred to the Standing Committee on Finance. I make particular reference to these three honourable senators in view of a nonsensical idea that senators should be forced to retire upon reaching a certain age. I do not think there could be any greater refutation of such an argument than the able speeches delivered by those three elderly and distinguished gentlemen.

The honourable senator from Toronto-Spadina (Hon. Mr. Croll) also made a very fine address on inflation. But I disagree with the last part of his speech, where he advocated the making of an investigation into the whole subject. I have been a member of this body too long to not be aware that honourable senators object to being told they cannot undertake certain work or inquiries, and I am one of the most strenuous objectors to that sort of restriction. Still, there is always the question of the wisdom of doing certain things. A wide-open discussion on inflation, and the summoning and examining of witnesses before the committee, would do much harm to the very condition we hope to cure. The people in this country today need confidence and courage; they don't want to be made to fear and tremble.

I regret that the honourable senator from Inkerman (Hon. Mr. Hugessen) is not in the chamber, for I intend to discuss his speech on inflation. He spoke about placing the cart before the horse. Well, I would say that in dealing with values he was placing the cart before the horse. One of the greatest evils in this country today is that so many people consider their chief purpose on this earth is to acquire wealth. We cannot blame certain of our western friends for having a similar idea in mind when we find it is so prevalent throughout Canada. Money is not the only wealth. The honourable senator from Churchill said the wealth of this country was to be found in the character of its people. This will always be so. It is true of every country. I am always alarmed when people in countries like the United States boast of their high standard of living and keep making demands for this and that. We should not forget that the Roman Empire boasted of its high standard of living, of the freedom of its citizens from the necessity to work hard, and of its sympathy for the benighted people in other lands; but that empire fell and disappeared.

I do not know why we have suddenly become alarmed about the question of inflation. Honourable senators know very well that inflation has been with us for the past 20 years, and during some years to a far greater an extent than now. The honourable senator from Winnipeg (Hon. Mr. Haig) was perfectly right in stating that in 1949 the cost of living index stood at 190; but the Government of that day could not score a goal, so it moved the goalposts up closer and said, "Let's start from here." Can we not do the same thing today?

In the west the great difficulty in selling our products is due to the fact that the Canadian dollar is too good. It stands at a premium of 3⅛ per cent today.

Hon. Mr. Aseltine: Higher than the American dollar.

Hon. Mr. Horner: Yes, it stands higher than the American dollar; and that has the effect of reducing the price of every bushel of grain and every animal we sell.

Honourable senators, I have been looking over a great speech which I delivered in this chamber on February 1, 1956.

Hon. Mr. Macdonald: Are you sure it was good?

Hon. Mr. Horner: At that time I was endeavouring to get the Government to take warning, when the honourable senator from Cariboo (Hon. Mr. Turgeon) referred to a suggestion he had made about the appointment of a Senate committee to inquire into the factors leading to increased cost of production. I will read what I said, as appears on page 91 of *Hansard* for 1956:

> —I could not see what would be the object of your suggestion, because strikes certainly add to the cost of producing our goods, and we are at a point where it will become more serious; for if our cost of production is still to go up, how are we going to sell our goods in competition with other countries in the world market?
>
> I would like to refer honourable senators to an article in the Ottawa *Journal* reporting the warning given to the Gordon Economic Commission by no less a person than James S. Duncan. The heading reads:
>
> MAY PRICE CANADA OUT OF MARKETS
>
> He develops the very argument I am discussing, that we will arrive at that position because of our fewer hours of work and shorter work week. Yet we persist in imagining that we are going to continue to compete in world markets.

That was in 1956, and I was concerned about that matter then as I am now. The drift has been continually in that direction.

Honourable senators, on that point, may I read from an editorial which appeared in the Ottawa *Journal* of February 23 of this year, under the caption "Mr. Crump Looks at The 'Hard Realities' ":

> Last week was apparently railway president week in Canada. First Mr. Donald Gordon left us with wisdom and eloquence and a touch of inspiration. No sooner had he returned to the affairs of the Canadian National Railway, when Mr. N. R. Crump left his company, the multitudinous Canadian Pacific Railway—in truth much more

than a railway—and came bringing sagacity to a joint meeting of the Canadian and United States Chambers of Commerce.

Mr. Crump uttered some economic facts of life which nicely complement Mr. Gordon's words and which deserve a wide forum. He reminded his Canadian and American audience that this continent is not an exclusive depository for the world's wisdom, that there are other nations with just as many brains and perhaps more ambition.

Here is the core of his advice:

"We must be ready to accept wage levels that are consistent with the hard realities of our position in highly competitive world markets. We must be prepared to embrace every technological advance that will enable us to achieve lower production costs. We must be unrelenting in our search for new skills. We must recognize that there is no place for feather-bedding in the kind of world in which we live."

Hard realities here indeed and courageously spoken. In this new world about to be born there are nations who will, nay are, accepting low wages, low standards of living as the down-payment on a future full of better days.

If we do not bring the same ingenuity and imagination to our skills, if we do not acquire new markets with the greatest diligence, even sacrifice, our future will already be behind us.

I think those are very wise words. We know of the hard realities, and we know exactly what the costs are. The honourable senator from Northumberland-Miramichi (Hon. Mr. Burchill), who has had wide experience with many companies, told us very bluntly of the problems which face big business. Some years ago I had experience with the railroad companies. They published statistics to show that the cost of labour to the railroads was 83 per cent of their expenses. That gives some idea of the high cost that has to be borne by a large company. I do not know how the honourable senator from Toronto-Spadina can advocate investigation of companies that are not able to compete successfully, when he can see what is going on in the way of competition throughout the world. For instance, look at the shipbuilding trade. At one time Britain, with its yards on the Clyde, led the world in shipbuilding, but it has fallen to third or fourth place. Japan and West Germany undersell Britain to a great extent. That is competition. The honourable senator was talking about competition in Canada, but it is competition from abroad that I am concerned with. In these days, more than ever, we cannot live unto ourselves. We must expect to trade with both Japan and Germany.

I am reminded that when the NATO Parliamentary Association visited Europe last December, in France and Germany for instance, its members got first-hand knowledge of the hard work and enterprise of the people, of how they—men, women and children—work from daylight until after dark. One man who was visited had a fine show of beautiful horses, and he was driving a Volkswagen. He said that he had ordered the car a year before but had not been able to get delivery until the time of which I am speaking. But he was not complaining. On the contrary he said he was proud of the fact that these cars were built for export first. The people over there are willing to dig in and build up their respective countries.

Honourable senators, let me give another reason for the position that we are now in. It will be remembered that after the First Great War Canada had markets for all her produce, and good markets they were too, because this country had escaped the devastation that Europe suffered. But by 1929 the European countries had restored all their facilities, their production was in full swing again and their trade began to compete with ours. As the late Honourable Charles Dunning said on one of his trips out west, the only market left to Canada was the British market. Now, my honourable friend from Inkerman (Hon. Mr. Hugessen)—I repeat that I am sorry he is not present today—said this was because the Conservatives were in power, and he accused my leader of not providing the opportunity of talking politics. Anyway the honourable senator sailed in, and by implication at least he blamed the Conservatives for the disappearance of the markets. But no matter what was said about it, the markets were gone.

Before the present Conservative Government came into power one of my neighbours, who takes pride in forecasting the results of elections, told me that the present Prime Minister would form the Government, and I said I hoped not. Then he said, "I know it is pretty tough on fellows who are running against him". I replied: "We must remember that we are heading for difficult times. The build-up of our industries after the last war, by which we were able to sell our goods in export markets, created a false economy in this country, because we were supplying a devastated Europe. Today their factories are running, their farms are producing, and they are turning out things that we turn out and would like to sell. For instance, they are in competition with our car manufacturers." My neighbour then told me, "Yes, but he is not going to do what R. B. Bennett did, he is not going to pay strict attention to balancing the budget", and I said, "I hope not."

The honourable senator from Inkerman was disappointed. He referred to the slippery hill that the honourable senator from Waterloo had in mind when he said we were showing a socialistic tendency. The senator from Inkerman would like us to sand that hill or put ashes on it and try to climb up again.

There has been some talk of our losing our sovereignty to the United States because of certain trading restrictions that have been put on, and some people have declared that eventually we shall be controlled by that country. It amused me to hear the honourable senator saying that, because in the past the Liberals used to accuse us of encouraging that very thing, and that goes as far back as I can remember. So you can take that to the back forty and shoot it, as far as I personally am concerned. The people on the other side of the border are similar to us, and we both have a similar way of life. To me it is perfectly useless to talk about watching and guarding an unnecessary and uneconomic border. Personally, I feel like Sir Winston Churchill did when a question came up as to American troops. He said, "Let it roll." As far as I can see, there is no need for us to worry simply because King George and a few politicians made errors some years ago and divided the North American continent by an unnatural boundary, and an uneconomic one.

Hon. Mr. Connolly (Halifax North): "No truck nor trade with the Yankees."

Hon. Mr. Horner: You have that horse now, and you can have him.

Now, honourable senators, here is another difficult position that we got ourselves into, as I see it. Where we went wrong was with the present-day idea that the Government must take you by the hand, give you an education and lead you up to a job. Well, if that had been the situation in the Canada of 50 years ago perhaps the honourable senator from Churchill (Hon. Mr. Crerar) and I would have been no good, either.

Hon. Mr. Crerar: I am very grateful to you for saying that.

Hon. Mr. Horner: It alarms me somewhat when I think back to the days when I was a young man in the west. Honourable senators heard the honourable gentleman from Lumsden (Hon. Mr. Pearson) describe the hardships that the people out there went through in those earlier days. He referred particularly to conditions that existed in the southern half of the prairie provinces, an area that is today becoming parklands since the prairie fires have been stopped. My experience, however, was in the northern part of the prairie, and there the hardships that we went through were perhaps even greater than those in the southern part. But there was not a word, not a word, about government help at that time.

I would like to mention just a few of my experiences. In the year 1907 I had just come to Elk Hill, and the winter that year was the worst that the west has ever known. On December 7, 1907, the temperature was 70 degrees below zero. I was with a party engaged in laying out landings on the river bank and, believe me, I had to fight hard to keep from freezing. It was so cold that a number of the men returned to the camp, not wanting to work in that temperature. Well, the foreman over the party was a pretty tough Irishman, and when he saw his men going back to camp he turned to me and said, "I wonder what they'll do when winter comes."

Later we left there to go homesteading. We went up from Star City to a place about where Nipawin is today, and the railroad had just been laid. I was with my brother, who is the father of the present member for Blaine Lake in the other house, and we started out with a team to go north. The team became mired, and we decided we would make a lot better time and save money if we left the team and driver behind. So we started to walk north to where the two rivers joined. The people living in the bush in that area lived in camps made of logs. The immigrants who came from Europe were expert with the broad axe and they made a good job of these log cabins. They cut the logs in just the way that a lot of Ottawa valley people did in the early days in this area.

We looked around for homesteads, and just about that time a tremendous rain came down. That was in June. The ladies had set up a tent for us and we went under it. We had nothing to eat, and the people around there did not have very much to eat, because there was no means of transportation that could be depended on, and any food they had they needed for themselves and their children. Anyhow, we decided that we would not eat any of their food. Eventually we came along to the flats down by the two rivers, and we saw a stove-pipe sticking up out of the brush and we could smell pork frying. I remarked that it was getting dark and we had better camp here somewhere, because we had walked eighteen miles that day, and then we went over to the place where we saw the stove-pipe to see if we could get some food. The man there told us that he was sorry, but all he had left was a little bit for breakfast and that he would have to get out and get some more grub. I was thirsty and asked him if he had some water, and he said, "Just four miles along there you will come to a place on the hill and there you will be able to get a drink." I think that is somewhere near where Nipawin is now. But we didn't find any water there. We went on down by the river, and although it was on in June there were cakes of ice floating about almost as large as ships.

A woman we spoke to on the way brought us out a copy of the Winnipeg *Free Press,* in which there was an announcement of land being offered in the Blaine Lake area. That land had been given to the Dukhobors in 1900. They had been given permission to live in a village and cultivate the land, on the understanding that they would not take part in any war and in order to prove up their homesteads they were required to take the oath of allegiance, as other people did. Of course, there were strong political protests at the time, but it was left that way. It had been announced that a township of land was going each day at Prince Albert, and we thought we had to be there that day. The Homestead Inspector started us off on the blazed line which, he said, would take us to Star City, a beautiful area today, but one in which we then saw great hardship. On the blazed trail we encountered many lakes which have since been drained. We had difficulty following the blaze, and in order to get out we had to cross the lakes—I did a little swimming myself. The ice was still floating about, but there was good footing in the bottom of the sloughs.

Hon. Mr. Macdonald: What year was that?

Hon. Mr. Horner: 1907.

After we got out of each lake we sat down and emptied the water out of our driving boots.

Then we came to Carrot River, which was in flood. There we met a fellow who had almost lost his horses in the stream, and had to cut the traces to save them. He let us use one of his horses to get across the stream, and we went on into Star City and up to Prince Albert. There was a great jam of people there waiting to file claims on land. The old policemen had to read the riot act. They had built a chute up to the door, where we had to wait until 10 o'clock to file.

Honourable senators, I have given all this background, to show the type of people who settled and built this country in the early years. They were hard-working, self-reliant people.

Hon. Mr. Crerar: Hear, hear.

Hon. Mr. Horner: Some of the farmers now visiting Ottawa have talked to me about the vacated farms in western Canada. I tell them the farms are vacated, not because of adversity, but of prosperity. The oil companies are paying young men $17 a day, and of course they have no interest in staying on the farm. I always have said it takes a good man to work for himself: he has to decide between whether he will take in every picnic and ball game, or stay home and do the work. Some people are more successful working for themselves, while others do better working for strangers.

Furthermore, we have labour breathing down our necks these days. Surely there are lots of European immigrants who would take up our abandoned farms, make a good living on them and become useful Canadian citizens. But no, we are told they will take jobs away from Canadian labour. As a matter of fact, I don't know that there is any need at the present time for unemployment in Canada.

When the Unemployment Insurance Act was introduced I dared to warn of the harm it might do to our young men. We all have had the experience of being told that So-and-so does not want to work because he is drawing unemployment insurance and doing nothing. Indeed, some people are drawing insurance and working at the same time. These are things which will not make Canada a great country.

Let me read from a recent newspaper article headed "Attacks on Immigrants Scored by Ford Chief", dated at Toronto, February 17 last:

> Rhys M. Sale, president of the Ford Motor Company of Canada, lashed out tonight at ultra-nationalists who masquerade as patriots to attack the country's 1,800,000 post-war immigrants.
>
> "Ultra-nationalism is something I have no use for, in any of its forms," he told the Toronto Junior Board of Trade in a Brotherhood Week speech.
>
> He said history offered lessons as to what happens when super patriots run wild—Germany under the Nazis was one and Italy under Fascism was another. Ultra-nationalism invariably was "the tool of the power-seeker and the tyrant, who perverts honest patriotism into madness.
>
> "It can be wielded alike against other nations or against minorities within a country."
>
> "We occasionally see a sample of ultra-nationalism at work in certain speeches, statements, or in letters-to-the-editor attacking immigrants who have come to our country in the post-war period. I think you know the kind of tripe I mean—a snide and cowardly attempt to stir up feeling against new Canadians".

Perhaps a good many honourable senators read the letter which appeared recently in the Ottawa *Citizen* under the heading "Canada-U.S. Labour Links", in which is described the control exercised over Canadian labour by unions located in the United States. I don't know of any surer way to fight the root of this thing than by what is taking place right now.

Let me refer to an editorial which appeared in the Ottawa *Journal* of February 24 last, which reads as follows:

> In sanity's name let us not betray Canada into such monstrous nonsense!
>
> We must deplore thousands added to our unemployed. We may wonder whether in the process of discontinuing the Arrow we used the right timing and techniques. We must try to see to it within reason that help or other employment is

found for those who have lost their jobs. Most of all the Government has the duty of trying to see to it that in this latest integration of defence with the U.S. this country gets the share of production and work to which she is entitled.

But, seeing and rightly discussing these things, let us not lose sight of the clear fact that all we have done with respect to the Arrow plane is to stop spending money which we couldn't afford for a weapon we didn't need—and above all let's not start making fools of ourselves over having "lost our sovereignty".

For the last is just plain hysteria—that plus the gibberish of demagogues or fools.

That is pretty strong language.

The honourable senator from Inkerman spoke of his experiences at Stony Plain, west of Edmonton. I believe if he had remained in that part of the country instead of returning to Montreal his outlook on values would have been somewhat different from what it is today.

I spent Christmas at Stony Plain with my daughter, and met some of the wonderful people who came from all over Europe and now live in that area. I was driven out to the home of a Danish farmer who had won the $1,000 award for the best farm. He had been a tall, striking looking man, who had worked right up until he went to bed last summer, and later died, at the age of 87 years. There I saw a beautiful farm, with a modern dairy barn and up-to-date cooling equipment for the milk that was trucked into Edmonton. I met the daughter and son of the old gentleman, who I believe are carrying on the farm. One of this man's sons was a doctor. The old man had the same trouble as a lot of other farmers, in trying to keep his children on the farm. The son came from Edmonton and wanted to move his father into the hospital, but the prospect made the old gentleman so restless that he called his daughter into the room and made her promise that he should stay where he was. For the sake of his peace of mind he wanted to remain at home.

I strongly object to alarmist talk about inflation. An honourable senator spoke of losses on life insurance. I wonder whether he knows that last year the Sun Life Company increased its business by $72 million, and a life insurance company in Winnipeg wrote an additional $19 million of insurance. How are we to encourage public confidence if we lay so much stress on conditions which may seem unfavourable and discuss them at great length? I fail to see it. The fact of the matter is that people will continue to buy life insurance, and naturally so, because there is no way by which a young man can so surely build up an asset. Take my own case. When I bought straight life insurance there was no baby bonus in sight and no old age pension. I did not believe there ever would be, and I thought it was my duty to protect my wife in case anything should happen to me and my estate. So I took a substantial amount of life insurance, and it served its purpose. True, the dollars I paid will not purchase all that I then hoped they would, but it is not necessary that they should. An old age pension has been provided; my family are educated and grown up. People will continue to take insurance for the same reasons that I did. In no way can they acquire an asset which could be of greater benefit to them. I take it to be my duty as a member of this chamber, and I believe it is the duty of us all, to inspire our people with greater endeavour for their own future and the good of the country, and I bemoan the lack of that pioneering spirit which was shown in the early days when we settled the west.

Time is passing, and I will omit some of the things I intended to say. But a word with regard to the position of the wheat farmer. His storage should be in his own granary. There was a time when one could reasonably argue for putting wheat in a forward position. Those were the days of ox transport and the shovelling of grain by hand. Today, when grain can be moved by machinery, and moved fast, it is better to keep it on the farm, and the buyer who wants a particular grade of wheat or feed knows where to notify farmers of his requirements.

Another matter I wanted to mention was the conversion loan. The honourable senator from Inkerman made a great deal of the cost of the conversion. It is my sincere belief that it is impossible to estimate the cost or to prove that over the years there will be any greater public expenditure through conversion than if the Government had refrained from refunding the loans. All depends on what would have happened as each issue became due. So far from an additional cost of $50 million, as assumed by the honourable senator, this action may result in great savings to the country. There is no doubt that the Government obtained what is supposed to be the best advice available, or the conversion would not have been undertaken. It was highly regarded throughout the country and, I maintain, justifiably so. The opinion of a bank president was quoted and we were asked to assume that his views are those of an eminent authority, a distinguished expert. Like a certain professor of whom I have read, I would like to know what an "expert" is. I will quote an incident which we all remember. In 1929, when the Saskatchewan Wheat Pool had not been in existence very long and those who directed it could not be expected to have gained world knowledge, the president of one of our big banks issued

a lengthy statement, in the course of which he declared that the policy of the pool in holding wheat for a rise was the right one, because the price of wheat would go to $1.50 a bushel. His opinion, no doubt, was supposed to be just as good as that of the bank president quoted by the honourable senator from Inkerman. But the price of wheat did not do a thing but fall to 40 cents a bushel, and the pool, which had made an advance payment of 75 cents a bushel to the growers, soon discovered that it had overpaid them, and had to go to the provincial Government to borrow several million dollars. Since, as I have said, the pool's action was taken on the advice of the president of one of our great banks, you may understand how much attention I pay to statements by these gentlemen on inflation, or anything else.

I have detained you, honourable senators, longer than I should have. I may say more at some other time. Thank you.

On motion of Hon. Mr. MacDonald, debate adjourned.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce, Nos. 140 to 155, which were presented yesterday.

Hon. Mr. Gershaw, for Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved that the reports be adopted.

Motion agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, March 12, 1959

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

Prayers.

PUBLIC SERVANTS INVENTIONS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-33, to amend the Public Servants Inventions Act.

Bill read first time.

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

Hon. W. M. Aseltine: With leave of the Senate I move that this bill be set down for second reading on Monday next. As this is another Government bill, I would like permission of the Senate to have it placed on the Order Paper as Order No. 1 for that day.

Motion agreed to.

DOCUMENTS TABLED

Hon. Mr. Aseltine: Honourable senators, I table the following document:

Report of the Custodian of Enemy Property for the calendar year 1958, pursuant to section 3, Chapter 24 of the Statutes of 1947. (English and French texts).

Later:

Leave having been given to revert to routine proceedings:

Hon. Mr. Aseltine: Honourable senators, I have been furnished with the following document, which I now table:

Report of the Bank of Canada for the year ended December 31, 1958, pursuant to section 27(3) of the Bank of Canada Act, chapter 13, R.S. 1952. (English text).

PETITIONS FOR PRIVATE BILLS

EXTENSION OF TIME FOR FILING

Hon. Charles L. Bishop, Chairman of the Standing Committee on Standing Orders, presented the committee's first report.

The report was read by the Clerk Assistant as follows:

The committee recommend that the time limited for filing petitions for private bills (other than petitions for bills of divorce) which expired on February 25, 1959, be extended to Friday, March 13, 1959.

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

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

Motion agreed to.

ADJOURNMENT

Hon. W. M. Aseltine: Honourable senators, I move, with leave, that when the Senate adjourns today it stand adjourned until Monday next, March 16, 1959, at 8 o'clock in the evening.

Motion agreed to.

PRIVATE BILLS

CO-OPERATIVE FIRE AND CASUALTY COMPANY—SECOND READING

Hon. Donald Cameron moved the second reading of Bill S-15, respecting Co-operative Fire and Casualty Company.

He said: Honourable senators, this is a very simple amendment. The Co-operative Fire and Casualty Company was established by a special Act of Parliament in 1951, chapter 68 of the statutes of that year. This bill does not involve any change of principle in the Act.

The funds for the co-operative were advanced in the regular way, mainly from other co-operatives. The organization has continued to grow and prosper. It had its best year in 1958, when it wrote some $2,600,000 worth of insurance, mostly in the western provinces, but it is doing business right across Canada.

At the time the original act was passed the directors were restricted to paying interest at rates up to a maximum of 3 per cent on funds advanced to the company. The purport of this bill is to authorize the directors to pay up to a maximum of 6 per cent. The likelihood is that they will pay the usual amount of 5 per cent but they have asked for authority to pay up to 6 per cent.

Honourable senators, that is about all there is to the bill. As I said at the outset, the bill would make no change in the principle of the legislation. The amendment would simply bring the permissible interest rates more into line with current rates.

Hon. Mr. Isnor: Does this company pay income tax?

Hon. Mr. Cameron: I cannot answer that right now, but I do not believe so.

Hon. Mr. Macdonald: That information can be obtained in committee.

Hon. Mr. Cameron: Yes. If the bill is given second reading I will move that it be referred to the appropriate committee.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Cameron, bill referred to the Standing Committee on Banking and Commerce.

FOOTHILLS PIPE LINES LTD.—SECOND READING

Hon. William R. Brunt moved the second reading of Bill S-16, to incorporate Foothills Pipe Lines Limited.

He said: Honourable senators, Bill S-16 is an act to incorporate a Dominion company under the title of Foothills Pipe Lines Limited.

In my opening remarks, I think it advisable to point out to honourable senators that the Foothills area in the province of Alberta, as well as certain other areas in that province, contain huge amounts of natural gas, and as a result of the existing markets for such products a number of companies have been incorporated in Canada for the purpose of transporting and transmitting this gas by means of pipe lines to various markets in eastern and western Canada and the United States.

It now appears that the transportation and exportation of substantial volumes of natural gas which is being carried and which is contemplated by the several major trunk lines will result in very substantial surpluses of propane, butane, distillates, hydrogen sulphide and carbon dioxide, which are the by-products of natural gas and which must also seek their own markets both here in Canada, and, if it is warranted, as export products to the United States or any other countries willing to buy them. These products, as mentioned, can be divided into two general classifications as follows: liquid hydrocarbons and hydrogensulphide. These products are produced and separated from the natural gas as the gas is sold. The best known methods for separating these by-products bring down the hydrocarbons and hydrosulphides as separate entities.

On the relatively small scale of gas operations carried on in the past, each producer has operated his own extraction plants for the hydrocarbons and either operated his own sulphur extraction and reducing processes or contracted out the matter of sulphur extraction to one of the commercial sulphur companies.

As long as the gas operations within the province of Alberta remained relatively small these methods were perfectly sound and reasonably economic, but the situation in Alberta has now reached the point or stage where, because of the enormous volume of gas production and the potential production of the presently existing or contemplated pipe lines, the aforementioned by-products of natural gas will be so large as to demand markets outside the province of Alberta. The problem as it now exists is to find markets outside the province of Alberta and to determine the most economic and practical method of transporting these products to the now existing or future potential markets.

In brief, after a great deal of research and consideration, there would appear to be no question that if these products are to find a market elsewhere, the first problem will be to determine and decide upon and use an economical method of transporting the products to the new markets.

I would now like to deal briefly with the markets for some of the products, and the first product I will consider is sulphur.

From present information and research it appears that the market for sulphur in the provinces of Saskatchewan and Manitoba will be small. When I deal with the market for sulphur I am not going to include the market in Alberta, but rather with all the markets outside Alberta, because this bill refers to markets outside the province. The market in Saskatchewan and Alberta will be relatively small and confined to such sulphuric acid producers as uranium mills and fertilizer plants. The states of Montana and North Dakota have their own production sources in Wyoming and there is no foreseeable large market for sulphur in this particular area.

The market in British Columbia and the Pacific Northwest United States has been estimated by competent authorities to be about 300,000 tons per year. With respect to the offshore markets to the west and in the countries bordering on the Pacific Ocean, it has been roughly estimated that there will be a market for approximately 1 million tons per year.

In the northern mid-continent area and the eastern United States and eastern Canada a market from 1½ million to 2 million tons a year is estimated. However, this latter market is at present supplied by other sulphur sources and it is apparent that co-operative marketing will be required. Such sulphur markets in both the Pacific and eastern North America will have to face competition from sulphur produced on the Gulf of Mexico.

It is the opinion of experts that such sulphur as is produced as a by-product of natural gas can seek an equilibrium in these markets, provided of course an economical method of transportation to deliver sulphur to the existing and potential markets is used.

Finally, as far as sulphur is concerned, indications at present are that there will be a larger outlet for sulphur on the Great Lakes, and that this outlet will be greater than the outlet on the Pacific Coast.

With respect to the natural gas liquid, which is a by-product which comes out of this gas, it appears that there will be a market for such light hydrocarbons as natural gasoline, butanes, isobutanes, propanes, etc., on the Pacific coast. The market there does not appear to be of such a size as will completely absorb all this type of product which will be available as by-products of natural gas to be exported from the province of Alberta. It is the opinion of experts that it will be necessary to look beyond the local west coast market for a considerable market to absorb these particular products.

To the east a larger market exists for this type of product. There are substantial markets in the Chicago and St. Paul areas of the United States which are now being supplied by product pipe lines from the states of Texas and Oklahoma. However, a market in the mid-continent area has been established and fortunately it is growing rapidly, with the result it will be easier to move into the market in this area.

In conclusion, I might state that there are potential markets both in eastern and western Canada and the United States, but these markets will have to be thoroughly explored and be met on a competitive basis as to price, if we hope to get into them with these by-products that come from the natural gas in Alberta.

And now, having found that we have all these products and that there are markets available, the question arises: What is the best method of transporting the products?

The first method I would like to mention, honourable senators, has to do with the possibility of these products being shipped by rail. It has been found that numerous problems exist as far as railway shipping of these products is concerned. First, the railways would have to provide a very favourable freight rate if we hope to get into any of these markets. Extensive research has shown that the cost of rail transportation of these natural gas products to the proper markets would be substantially higher than the cost of transporting the same products by means of a pipe line.

Hon. Mr. Reid: Does that include sulphur?

Hon. Mr. Brunt: Yes, that includes sulphur.

This is a statement that has been made many, many times. I would call the attention of honourable senators to the fact that in the past freight rates have increased from time to time, and in all probability they are going to increase in the future, so there is no degree of stability as far as freight rates go.

Hon. Mr. Macdonald: Is that a prediction or a statement of fact?

Hon. Mr. Brunt: I will make it a prediction, but I think you may take it as almost a statement of fact.

Hon. Mr. Connolly (Ottawa West): That comes from your crystal ball?

Hon. Mr. Brunt: Experience in the country to the south of us, the United States, has shown that it is not economical to ship sulphur or liquefied petroleum gases by rail. Past experience has shown that pipe lines have a tariff for transporting their products and that this tariff remains relatively static.

Further, in connection with the transportation of these by-products by rail another problem arises. It is that the railroads would have to make large capital investments in order to purchase a particular type of rolling stock which would be necessary to carry these products in large quantities to the proper markets. It has been estimated by reliable authorities that in the case of the westward movement, that is the movement from Alberta to British Columbia, the initial capital outlay to a railway company would be in the neighbourhood of between $30 million and $40 million, in order to acquire the proper equipment to move the by-products in the quantities that will be available to be moved. This outlay, of course, would have to reflect itself in increased freight rates. In addition, there is always the problem in connection with this particular type of transportation of products that railroads would have to deadhead their rolling stock back to Alberta, since it would be practically impossible to find a suitable cargo on the west coast to put into these cars when they were shipped back to Alberta. These problems as to transportation by rail appear to be such that they cannot be overcome and the opinion is that it is practically impossible to move any of these products in large quantities by rail on a competitive basis.

Hon. Mr. Connolly (Ottawa West): Has that been the experience up to date?

Hon. Mr. Brunt: Yes, in the United States.

Then we come to the question: Can we use existing pipe lines to transport these by-products?

With respect to existing pipe lines, you cannot use the gas pipe line for transporting these products because they are taken out of what is known as sour gas, which is unsuitable for use in home and industry. If these by-products were shipped in the gas pipe line they would contaminate it.

That leaves only the oil pipe lines to be used for transportation. We find that the pipe lines as they now exist and as used for the transportation of crude oil, were built with only that purpose in mind, and if we attempt

to add these natural gas by-products they would greatly increase the vapour pressure of the material to be transported; and the best engineering advice that the sponsors of the bill have been able to obtain is to the effect that there would be an excessive loss from evaporation, as a result of this considerable increase in vapour pressure.

Furthermore, I would call the attention of honourable senators to the fact that if you attempted to use the present oil lines to transport these by-products you would have to adopt one of two methods: you would either have to blend the by-products with oil and transport them in the oil pipe lines or you would have to transport the by-products separately.

Hon. Mr. Reid: You could change over from carrying sulphur to carrying oil?

Hon. Mr. Brunt: That is what I mean when I say one method would be that of separating the two products. The other method would be by mixing the by-products with oil.

Honourable senators will realize that if the blending procedure is followed it will be necessary to provide very expensive facilities at all terminals in order to separate the products when they arrive there. For instance, if you were to use the Interprovincial Pipe Line and ship these products to Sarnia, very expensive facilities would be required at that end in order to separate the oil from the natural gas by-products. In addition to these expensive separating facilities you would also require storage facilities to store the by-products, which equipment is very expensive. The general view, from an engineering standpoint, appears to be that it is impractical to move these by-products through the present pipe line facilities; and furthermore, from a profit point of view, it appears most uneconomical.

Finally, a study has been carried out and it does not appear that any modification can be made to existing crude oil pipe lines for the movement of large quantities of the by-products of natural gas.

I do not think there is any doubt that the most satisfactory means of moving these natural gas products to the markets—whether the movement be to the east, west, or south—is by pipe line transportation and transmission. Presently existing freight rates for sulphur and natural gas liquids are much too high to compete economically in long-distance movements to markets, and pipe line transportation costs in general would appear to be less than one-half that of railway transportation costs.

Product pipe lines—and that is what the pipe line is known as, the one proposed in this bill—have been built in the United States since World War II, and through these pipe lines natural gas liquids are supplied to both Chicago and Denver from the gas fields located in Texas and Oklahoma. I make that statement to show that it is economic to use these pipe lines over long distances.

Hon. Mr. Reid: Can sulphur be moved by pipe in liquid form?

Hon. Mr. Brunt: It would be in semi-liquid form.

Hon. Mr. Farris: I would like to ask my friend this question. Are there not sulphur plants now in the Peace River area, and how is the product being handled from that area?

Hon. Mr. Brunt: There are plants, but they are not going to be able to handle the quantity of sulphur products.

Hon. Mr. Lambert: Can you put sulphur through a pipe line?

Hon. Mr. Brunt: Yes.

Hon. Mr. Lambert: In liquid form?

Hon. Mr. Brunt: In semi-liquid form.

Hon. Mr. Connolly (Ottawa West): With reference to the question asked by the honourable senator from Vancouver South (Hon. Mr. Farris), if I may be permitted, I do not think the honourable senator from Hanover (Hon. Mr. Brunt) understood the question. I understand there are large quantities of sulphur produced at Fort St. John, in the Peace River district. I refer to Taylor Flats. There are also very large quantities of sulphur produced at Pincher Creek, in southern Alberta, which I think is now being moved both ways by rail.

Hon. Mr. Brunt: I don't think they are beginning to move all of the product.

Hon. Mr. Connolly (Ottawa West): I don't know that.

Hon. Mr. Brunt: That is one of the troubles.

Hon. Mr. Connolly (Ottawa West): Rail is the only form of transportation there is for it.

Hon. Mr. Brunt: That is all that is available at the present time.

Finally, as it appears that such products can be moved more cheaply by a pipe line, and must be moved in a separate line, such a separate pipe line is certainly going to be necessary in view of the great development of natural gas now taking place in the province of Alberta, and which will continue to take place.

I am sure most honourable senators know that we have in Alberta today the largest producing gas well in the world. It is a British-American well, capable of producing

1½ billion cubic feet of gas per day. That well is capped at the present time, because there is no market for the gas, but in time there will be a market for it, and all the by-products from that well will then be available to be marketed throughout the North American continent.

The sponsors of this bill have given consideration to the problems of whether liquefiable petroleum gases and liquid hydrogensulphide should be moved separately to their respective markets, or whether they should be carried in a co-mingled stream in one pipe line. In connection with the proposed pipe line, the present feeling is that a double pipe line is the most satisfactory method of transporting these two different products. However, I think it only fair to point out that this is a subject to which further consideration and research will have to be given before a final decision is made as to whether the pipe line should be double or single.

Hon. Mr. Connolly (Ottawa West): Could the honourable senator say what the American experience has been in this respect?

Hon. Mr. Brunt: I do not have that information with me, but I can assure the honourable senator that when this bill goes to committee I will have experts there who can give the details of the experience of our friends to the south.

The next question that arises is: What route is the line going to take?

In regard to the proposed routes of transportation, the sponsors of the bill feel that in connection with the movement of the by-products to the west coast they might follow a route approximately paralleling the Trans-Mountain Pipe Line route, that is along the Yellowhead highway to Hope, British Columbia, and finally on to the city of Vancouver. Of course this would be an all-Canada route. However, consideration is also being given to a route which would take a section of the pipe line south of the border between Canada and the United States.

Hon. Mr. Macdonald: Would an export permit be required?

Hon. Mr. Brunt: There would not have to be one. I will explain why. The reason for considering this route is that the land, from a technical and construction aspect, is more suitable for the building of a pipe line. However, the terminus of the pipe line would be the same as with an all-Canadian route.

Hon. Mr. Connolly (Ottawa West): Would the honourable gentleman say what pass in the United States an all-Canada line would go through?

Hon. Mr. Brunt: No, I cannot tell the honourable senator that.

With respect to the movement easterly, there appear to be three possibilities. The first is a line to Fort William which would parallel the present Trans-Canada pipe line and would end at Fort William. The second alternative which is being considered by the sponsors is the movement of the products to Superior, Wisconsin. This would be a route which would cross into the United States at a point near the boundary between Saskatchewan and Manitoba, where the terrain is relatively flat and well suited to the construction of such a pipe line. Yesterday I received a phone call from the solicitor for the sponsors, who told me that there was some possibility that the pipe line might go into Milwaukee or to St. Paul. They had made a futher study of markets, and it appears that there may be a good market in Milwaukee or St. Paul. But these are mere possibilities.

Hon. Mr. Macdonald: Would that depend on the obtaining of an export permit?

Hon. Mr. Brunt: Oh, yes; everything is based on the question of the export permit. You could not move out any of the by-products without such a permit. However, I think it should be pointed out that the route which is finally chosen will be dependent upon the wishes and desires of the producers, the sulphur company, the markets and the Governments which are involved in this matter. At the present time no final decision has been made.

The main trunk gathering line would probably originate near the Pinecreek structure west of the city of Edmonton, and would be fed by similar lines extending southward through the foothills and continue down to somewhere in southern Alberta, from whence the exports of these gas products would commence. This would be a gathering line and it would be brought into southern Alberta, from where the products would start on their way to the export markets.

Hon. Mr. McKeen: Is there any suggestion that, in the western line going from Edmonton, the sulphur might be picked up which comes from Taylor, British Columbia?

Hon. Mr. Brunt: I am sure that consideration will be given to that matter, provided the line is close enough to the source of supply for the product to be handled on an economic basis and that the sulphur is in a form that can be transported in a pipe line. The decision will depend on those two considerations.

It is proposed that this by-product pipe line project be operated in the name of Foothills Pipe Lines Ltd., which will be a company sponsored by Pembina Pipelines Limited. This latter company is a public company with assets in excess of $26 million.

Hon. Mr. Connolly (Ottawa West): Is it a company incorporated by Parliament?

Hon. Mr. Brunt: No. I am coming to that. Its stock is listed on the Toronto Exchange. Pembrina Pipelines Limited is incorporated under the laws of the province of Alberta; and what to me is most important is that the company is operated, owned, financed and controlled by Canadians. And that is the company which will control the Foothills company. It already operates extensive gathering transmission facilities in Alberta, and accordingly it brings competent management and experience to this particular project.

It is proposed that the company be incorporated with five million shares of common stock of par value of $5 each. The construction of this particular type of line will of course be the first of its kind in Canada, and one of a very limited number on the North American continent. It has been unquestionably established, by the operation of similar pipe line projects in the United States, where there are great quantities of natural gas such as now exist in the province of Alberta, that the marketing of the by-products, which are such by-products as are obtained from natural gas, must be done through a separate by-products pipe line such as is proposed by the promoters of the Foothills Pipe Lines Ltd.

Hon. Mr. Connolly (Ottawa West): Is there an estimate of the cost of construction?

Hon. Mr. Brunt: That will be submitted to the committee. I could have gathered up no end of figures on this subject, but I thought it much better to have the experts furnish that data to the committee to which the bill, of course, will have to go.

Hon. Mr. Farris: Are there any existing companies with which this one would be in competition?

Hon. Mr. Brunt: In Canada? No. This will be the first one of its kind.

Hon. Mr. Farris: It may be the first one of this particular type.

Hon. Mr. Brunt: Right.

Hon. Mr. Farris: But are there any other companies that this company would be in competition with?

Hon. Mr. Brunt: Not as far as I know.

Hon. Mr. Macdonald: There are other companies which are now selling sulphur.

Hon. Mr. Brunt: Yes, but this company would not be selling sulphur, it would be transporting sulphur and by-products. That is what it is for; and there is today no similar company in Canada.

Hon. Mr. McKeen: This is a products line; the other is pipe line gas or natural gas. I think the statement is correct, no products line has been built on the west coast.

Hon. Mr. Connolly (Ottawa West): I believe that about two years ago we incorporated such a company. I certainly remember a bill before the Banking and Commerce committee for incorporation of a products line to Winnipeg; I think it was called "Hydrocarbons Pipeline". If it is in existence, this company would be a competitor.

Hon. Mr. Brunt: That is right.

Hon. Mr. Stambaugh: Is it intended that these products shall be refined in Alberta?

Hon. Mr. Brunt: Not necessarily. The products are taken out of the gas.

Hon. Mr. Stambaugh: How can they be taken out without a refinery?

Hon. Mr. Brunt: With a separator.

Hon. Mr. Stambaugh: You cannot take sulphur out that way.

Hon. Mr. Reid: Under section 6 of the bill the company is seeking authority from the federal Government to subdivide land into building lots, streets and sites for residential purposes. I think this is something new in a pipe line bill. Is this not a provincial matter?

Hon. Mr. Brunt: No, not any more than the matter of education, which came before the house recently.

Hon. Mr. Reid: You are asking for a lot of power in this bill.

Hon. Mr. Brunt: Honourable senators, I have taken up a lot of time in giving a general statement with respect to this particular bill. I do not propose to go over the bill clause by clause, as I feel that this will be done very effectively in the appropriate committee to which the bill will be referred. I might mention that arrangements have been made for the company's solicitor and for experts to appear before the committee, where no doubt the bill will be discussed clause by clause and any questions which honourable members have will be answered much more effectively and better than I could possibly answer them today.

Hon. Mr. Lambert: May I ask just one question which the honourable gentleman

from Hanover (Hon. Mr. Brunt) will undoubtedly be able to inform the house on? It refers to the prospect of crossing into the United States at a certain point near the boundary of Saskatchewan and Alberta.

Hon. Mr. Haig: Saskatchewan and Manitoba.

Hon. Mr. Lambert: Has the honourable senator from Hanover any idea as to the connection that will be made with an American pipe line company on the other side of the boundary if the Foothills pipe line reaches that point? This recalls the problem that arose when the Trans-Canada Pipe Line wanted to join up with the Northwestern Natural Gas at Emerson, and then the competing company in the United States sought to obtain control of the situation. As a result the matter was tied up before the Federal Petroleum Board at Washington and nothing came of it. Is there any prospect in that connection?

Hon. Mr. Brunt: No arrangements have been made with any American company yet. I presume the sponsors of the bill are carrying on negotiations and discussions, but I can definitely tell you that at the present time no arrangements have been made. Possibly the Foothills Pipe Line Company could incorporate a subsidiary American company to handle its by-products from the Canadian-American border right into the American market.

Hon. F. W. Gershaw: Honourable senators, I am sure that the people of Alberta will be delighted if these prospects come to fruition. There is no doubt that an abundant supply of natural gas exists in that area, and large quantities of by-products are now being extracted at the Pincher Creek plant by the refinery of the British American Company. There is no doubt either that a pipe line would be the easiest way to transport these by-products. However, what concerns me is that this whole project looks to be pretty visionary. As one honourable senator has already inquired, how are we going to get these products into the American market? For years we have been trying to get natural gas into the United States market and, as has been said, there has been vigorous opposition to it. There will be the same opposition to these by-products, because they would be competing with by-products already in use in the United States.

I would like to know what relationship the Foothills Pipe Lines company will have with companies already producing gas and which have a tremendous amount of gas in reserve. When is construction of the pipe line likely to begin? Is there any hope of it beginning in the near future? There are many obstacles to overcome, and to this extent I think the project is visionary. At the same time, I do feel it would be a great boon to the people of Alberta and to the whole of Canada if these products which are obtained in such tremendous quantities could be made use of.

Hon. Mr. Brunt: Would it be satisfactory to the honourable senator from Medicine Hat (Hon. Mr. Gershaw) if I treated his comments as notice of inquiry and arranged to have the answers given when the bill is discussed in committee?

Hon. Mr. Gershaw: Certainly.

Hon. John J. Connolly: Honourable senators, we are all indebted to the honourable senator from Hanover (Hon. Mr. Brunt) for the comprehensive and clear explanation he has given of this bill. It is very interesting to learn that it might be possible to transport by pipe line the very valuable by-products of the natural gas of Alberta into North American markets, east, west and south. We all like to remember that the more markets which are made available for these by-products the greater will be the exploratory activities in Alberta and other western provinces and the greater will be the resources found. As the honourable senator has said himself, a good many of these natural resources are known to exist. They have been located and their quantities have been measured but they are locked up in the ground and cannot be used, principally because markets cannot be found for them.

For quite a few years now Parliament has been discussing all manners and varieties of oil pipe lines and gas pipe lines, and some of the discussions have not been without political implications. There may be a difficulty in connection with this bill in addition to the one mentioned by the honourable senator from Medicine Hat (Hon. Mr. Gershaw). I have in mind that the line going into the United States will probably be subject to scrutiny by the Federal Power Commission in the United States in the same way as are any gas lines that might run into that country for the purpose of delivering natural gas. This is something which I think we might well inquire about in committee.

Another problem came to my mind as the honourable senator from Hanover was speaking. I am wondering whether we can expect a change in policy as a result of some of the things he said, for I am sure he is very close to the inner councils of the party to which he belongs. No doubt honourable

senators can recall when the idea of a gas pipe line originated a few years ago. The rule laid down for its construction was not dictated by engineering, economics or terrain, but rather by a policy of nationalism, if I may use that term. This is not a political speech, for both parties in the other place at that time accepted the policy that gas pipe lines and oil pipe lines, with one exception, were to be built entirely within Canada. I know of one project that was proposed to take gas from Alberta to Vancouver, but in order to take it out of Alberta, from the southwestern extremity of that province, it was necessary to carry it through the United States and then back into British Columbia, to Vancouver. That project failed, although the terrain was as good as the terrain the honourable gentleman refers to. Perhaps the economics were bad, perhaps the engineering was bad, but it was determined at that time that these gas pipe lines would have to be built within the boundaries of Canada. I think it was Government policy, a policy advocated on both sides of the other place, that every gas pipe line from then on had to be built in Canada. That was for gas lines and oil lines. But now you have a new development coming, and perhaps one of considerable magnitude, that is, the transportation by pipe line of products, and these products are going to be very valuable.

Now, it may be that the honourable gentleman has the right idea. Perhaps these lines should be built with an eye first on economics, on engineering and on terrain, and on everything that that involves, but if so we may find a change in the policy that has been applied to this business of the building of pipe lines, and particularly of gas pipe lines.

Hon. Mr. Brunt: Unless anyone else wishes to speak, I would just like to say—

The Hon. the Speaker: May I point out that if the honourable senator from Hanover (Hon. Mr. Brunt) speaks again on this bill, he will close the debate.

Hon. Donald Cameron: Honourable senators, may I add a few words? I am glad to see this bill come in. The men behind it represent a group of one of the smartest businessmen we have in this country; and in view of what has been happening recently as the result of policies imposed upon us by American restrictions, anything we can do to develop pipe lines or our natural resources in this respect should, I think, be supported with all the power that we have at our disposal.

Hon. J. W. de B. Farris: I should like to ask the honourable gentleman one question. Under section 6 it would appear that the powers given this company are not limited to by-products. That section provides that the company may:

> within or outside Canada construct, purchase, lease or otherwise acquire and hold, develop, operate, maintain, control, lease, mortgage,—

and so on:

> —turn to account any and all interprovincial, extra-provincial and/or international pipelines and all appurtenances relative thereto for the gathering, transmitting, transporting, storing and delivering of any natural or artificial gas or oil or any products or by-products thereof—

So I take it that this line would have all the powers given to any of the other companies which have been incorporated by Parliament?

Hon. Mr. Brunt: It would have.

Hon. Mr. Farris: I think that the wording "within or outside Canada" should be looked into when the bill goes to committee.

Hon. Mr. Brunt: Yes, I think it should.

I would like to point out to the honourable senator from Ottawa West (Hon. Mr. Connolly) that last year we had an amendment, I believe to the Mid-Continent Pipelines Bill, under which that company was given the right to export gas to the United States. The amendment was passed by the Senate, and then went to the House of Commons and was passed there. Now, I cannot say to honourable senators that the policy of the Government has changed. All I can tell them is that last year we had an amendment to a pipe line bill under which a pipe line company was given power to export gas to the United States.

Honourable senators, in closing I would like to re-state what I said in connection with the route of the pipe line. The re-statement is as follows: I think it should be pointed out that the route which is finally chosen will be dependent upon the wishes and desires of the producers, the sulphur company, the markets and the Governments concerned.

I think that is where the final decision will be made in connection with the route.

Hon. Mr. Connolly (Ottawa West): By the Board of Transport Commissioners?

Hon. Mr. Brunt: Oh, yes.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Hon. Mr. Brunt: Honourable senators, I would like to have the bill referred to the appropriate Senate committee, which I believe is the Transport and Communications Committee.

Hon. Mr. Macdonald: Agreed.

On motion of Hon. Mr. Brunt, bill referred to Standing Committee on Transport and Communications.

FISHERIES IMPROVEMENT LOANS BILL

SECOND READING

Hon. John G. Higgins moved the second reading of Bill C-30, to amend the Fisheries Improvement Loans Act.

He said: Honourable senators, this bill is brought forward for the purpose of amending an act called the Fisheries Improvement Loans Act, which was assented to on July 11, 1955, and was to be effective for three years from the date on which it came into force, namely December 12, 1955. Accordingly, it expired on December 11, 1958. The main purpose of the bill is to extend the life of the act for a further period until June 30, 1962, and to make the period retroactive to December 12 last.

The purposes for which the loans will be granted are as follows:

1. construction of a fishing vessel;
2. financing the major repair of a fishing vessel on its hull, superstructure or engine, the cost being at least $200 and amounting to at least 20 per cent of the market value of the property required to be repaired;
3. construction of fishing equipment;
4. financing the purchase or construction of a shore installation, namely, structures other than buildings, as for instance, piers, skidways, stages and wharves;
5. financing the purchase, construction, repair or alteration or making additions to any building used in connection with fishing.

Application for a loan may be made to a chartered bank, a credit union, designated by the minister as a lender for the purpose of the act, or a *caisse populaire*, also designated by the minister as a lender under the act. Put in a nutshell, it means that a chartered bank, a credit union, a co-operative society or a parochial bank is to be regarded as a lender by the minister.

The amount of the loan to any individual is limited to $4,000 and the interest is to be 5 per cent simple interest. The repayment periods are from one to eight years, depending on the amount borrowed and the purpose for which the loan is obtained.

I may say that the periods of repayment are set out in the regulations, and are to be found on page 9 thereof. For instance, loans not exceeding $400 are to be repayable in 12 months, loans not exceeding $750 to be repayable in two years and six months, and so on, up to $4,000, repayable in eight years. There are two exceptions to these periods: (1), in the case of fishing equipment, where the repayment period is three years; and (2), in the case of a loan to make major repairs, where the period is also three years.

There is one other factor I might mention about repayment, and that is in connection with the revision of the terms of the loan. If a person finds that he cannot pay back the loan within the period set out in the regulations, the minister can extend it under certain circumstances.

Under the original act of 1955, the act which we are seeking to amend, only a fisherman could obtain a loan, but not every fisherman could do so. A fisherman is defined in the interpretation section of the act as a person who has a legal or equitable interest or proprietary share in a fishing vessel or a weir or similar fish catching device and who gains or intends to gain all or part of his livelihood during a fishing season from the catching or trapping of fish for sale. Under this definition a person who desired to start fishing was prevented from obtaining a loan. A man may once have been a fisherman and given up that calling temporarily, perhaps he sold his boat and fishing equipment, or perhaps through disuse his boat became in bad condition. He could not obtain a loan to buy a boat or equipment.

The bill makes a change in this regard. It will allow a loan to a person who at one time had an interest in a fishing vessel but no longer has such an interest, or to a person who desires to acquire an interest in a fishing vessel for the first time. There must have been many people who wanted a loan but could not qualify under the ownership clause; and there must have been many people who worked on fishing vessels and wanted to branch out on their own but could not qualify for assistance.

Take the province of Newfoundland where, because of this definition, only three loans since the inception of the act in 1955 have been granted to fishermen, and these three total only $1,240. Fishermen in Prince Edward Island, which has a smaller fishing industry than Newfoundland, received under the act $141,166.

Probably honourable senators would like to know how much money has been loaned during the term of the act, up to December 31, 1958. The amount, classified as to provinces are:

Province	No. of Loans	Amount
New Brunswick	125	$ 78,187
Prince Edward Island	174	141,166
Nova Scotia	69	73,157
Newfoundland	3	1,240
British Columbia	115	246,279
Total	539	$599,152

As I have said, the primary purpose of this bill is to extend the period of operation of the act for another three and a half years, that is, from December 12, 1958, to June 30, 1962. The bill also enlarges the definition of "fisherman", which I mentioned a few moments ago. The amendment opens the door to quite a number of fishermen who might want to branch out for the first time, or perhaps who had a vessel once before and wish to re-enter the fishing business.

Honourable senators, I understand there was no opposition to the bill in the other place.

Hon. Mr. Brunt: Would the honourable senator permit one question? Does this bill apply to fishermen on the Great Lakes or is it confined to fishermen on the Atlantic and Pacific coasts?

Hon. Mr. Higgins: I presume it applies to fishermen anywhere, because the act is not confined to fishermen on the two coasts.

Hon. Donald Smith: Honourable senators, if I might be allowed to assist the honourable senator from St. John's East (Hon. Mr. Higgins), I would say the bill does apply to all fishermen in Canada. At least, there is no reference in the act to a fisherman's geographic location. Section 2 of the act, the interpretation section, sets out in paragraph (f) the definition of a fisherman who can qualify. As amended by this bill, paragraph (f) will read:

> (f) "fisherman" means
>
> (i) a person who has or intends to acquire a prescribed interest in a fishing vessel or a proprietary share in a fishing vessel, or
>
> (ii) a person who has a prescribed interest in a weir, or similar fish catching or trapping device, that is affixed to the ground, or a proprietary share in such a weir or similar fish catching or trapping device,
>
> and whose principal occupation is participation in a primary fishing enterprise.

May I say a few words on this bill, honourable senators? First, I am sure that the Honourable Senator Higgins has made a worthy contribution very early in his career in the Senate in connection with a measure which has an important relation to the province from which he comes. It was such qualities possessed by him that I referred to earlier in the session.

I always welcome an opportunity to have something to say on a bill such as this, which does have a lot to do with the economy of that part of Canada from which I come.

It will be helpful to recount to honourable senators a little more of the background that preceded the introduction of the original act in 1955. You may recall that the original purpose of the Fisheries Improvement Loans Act was to provide credit facilities which would be equal to those provided for farmers under the Farm Improvement Loans Act. It guaranteed loans by banks and credit unions to qualified fishermen and, because these loans were guaranteed, it was found possible to lend the money at 5 per cent interest. Now, before such a system of credit could be put into effect for fishermen, a system of Government-administered insurance had to precede the measure. This made possible insurance on boats and equipment at the relatively low rate of 1 per cent, in order that there would be some measure of protection for the guarantors of the loans. Up until this time there had been three sources of credit, or a combination of the three. First, there were the credit unions, which had played and continue to play an important part in the provision of credit facilities for the small boat fishermen. Secondly, there were the provincial loan boards, whose function was to provide loans for larger boats and to administer subsidies provided for their construction by the federal Government. Then there was the third source of credit, and it was a very important source, and that was the fish buyers. This source has always been and will continue to be a rather important source of credit.

It is within my personal knowledge that the great majority of small boat fishermen who were considered to be reliable had little difficulty in that part of the country from which I come in obtaining credit from those whom they were in the habit of selling their fish to. In providing such credit the buyers themselves have always performed a most useful function. There have been suggestions, however, that this type of relationship in the matter of credit between fish buyers and fishermen had within it the danger of compelling the fisherman to undertake to sell all his catch to the buyer who had provided him with the credit. It has also been suggested that because of these circumstances the fisherman had no opportunity to bargain as to the price he might receive for his catch. The act of 1955 therefore did provide an alternative source of credit.

When the Fisheries Improvement Loans Act was introduced in Parliament, in 1955, it was forecast that there would likely be a slow rate of acceptance of the system of guaranteed bank loans. This had been the experience in the first few years following the enactment of the Farm Improvement Loans Act. In the first year of the operation of that act the total amount of loans was $3 million. Now the annual loans are in the amount of approximately $100 million.

It seemed to be the experience that the bank managers themselves required education in the matter of judging the credit rat-

ing of applicants for these guaranteed loans, and it seemed also that there was a hesitancy on the part of the farmers to approach the bank managers.

The forecast with respect to the acceptance of the guaranteed bank loans for the fishermen has been borne out. I know it is unnecessary to quote many figures to honourable senators, but I do wish to point out that during the fiscal year ending March 31, 1957, which was the first full year of operation of the act, there were 203 loans to a total amount of $236,000; and in the fiscal year ending March 31, 1958 there were 136 loans, to the amount of $150,000. In the Atlantic provinces, during the whole period since the system has been in effect, I understand there have been only about 275 loans, to a total of $225,000. The figures for Newfoundland emphasize the differences that exist with respect to that province in this and many other fields, which we have to learn more about, particularly in view of the difficulties it is now experiencing. With respect to loans, Newfoundland has had only three loans granted to a total amount of $1,240.

As the honourable senator from St. John's East said, the amendments proposed by this bill do two things. First, they extend the legislation for another period of three years, and secondly, they change the definition of a fisherman who can qualify for a guaranteed loan to include one who does not now own a fishing boat or equipment. In extending the life of the legislation, an opportunity will be provided to determine whether these loans, both in numbers and amounts, will increase, as has been the experience in loans for farmers. The change in the definition of a fisherman who can qualify will take care of an occasional case of a worthy borrower not at present qualifying, but will likely not have any appreciable effect on the volume of loans made.

Honourable senators, I wish to offer several suggestions affecting the subject of credit for fishermen. It does seem to me that joint consideration with the provinces to the whole problem of credit facilities for fishermen should be given. So many aspects of the matter of credit are common to both fishermen and farmers.

Honourable senators will remember this paragraph in the Speech from the Throne:

> You will also be invited to make a comprehensive review and revision of the legislation concerning farm credit, in order that credit may be more effective in assisting in the development and maintenance of an efficient and prosperous agriculture.

It does seem to me that if it is felt by the Government that adequate credit facilities are important in obtaining a prosperous agricultural economy and require a special consideration, the same should hold true for the attainment of a prosperous fishery.

I am reminded at this point of a statement made by the Honourable Lester Pearson to the delegation of western farmers, representatives of whom we all welcomed at our offices yesterday. He pointed out to the delegation that there was no doubt theirs was a national problem. But he also reminded them that, serious as their problem was, that of the Atlantic fishermen with respect to average net incomes was even more serious, and was also a national and not a regional problem.

With respect to credit for fishermen, we have the participation both of provincial and federal Governments, each playing its separate part. We also find the provincial Fishermens Loan Boards administering long-liner and dragger subsidies provided by the federal Government, along with associated loans requiring provincial funds. I am convinced that the provincial authorities, being closer to the needs of the fishermen, are in a better position to administer any loan system than the federal authorities. In these days of high interest rates I believe it should be possible to work out a system of loans which would be jointly guaranteed by the two levels of government, and which would make possible loans at lower rates of interest.

Any investigation of the matter of credit for fishermen should also include the related subject of subsidies to improve and modernize the fishing industry. I am sure we have all read comments within recent months to the effect that perhaps this is the time when the federal subsidy program should be extended to include benefits for the owners and operators of large fishing trawlers and draggers. I am not one who has yet been convinced that the arguments which have been made in this connection are good enough; my mind is still open on the matter. However, I think we all should remind ourselves that the original intention of the subsidy program which was initiated by the federal Government was to encourage the smaller fishermen to get out of the small-boat operation and get into the long-liners and draggers of the medium size, so that their income would be increased through methods by which they would be able to make larger catches of fish. As I say, up to the present time I am not impressed with the arguments advanced for extending subsidies for large-sized trawlers and draggers.

Honourable senators, my second suggestion is in another field entirely. The credit position of the fisherman is, like that of the farmer, closely tied to good and sufficient markets. The fishery, as is agriculture, but perhaps to a greater extent, is an export industry depending on the foreign trade policies of

both Canada and the countries with which we do business. Like farming, the domestic market for the fishing industry is also an important one. Both segments of the market for fish can be largely affected by action on the part of our own Government. In the first place, the Government should do everything within its power to promote the sale of salt fish in the Caribbean countries. This is a subject on which others, particularly the senator from St. John's West (Hon. Mr. Pratt) and the senator from Southern New Brunswick (Hon. Mr. McLean), are much better qualified to speak than I am.

Another field in which Government action would be very helpful is one to which I have already made reference in the Throne Speech debate, that of the advertising field. Since that time it has been brought to my attention that the federal Government is planning to embark on an advertising campaign to promote the sale of apples. I suggest that, since the enlargement of the domestic market for fish carries with it an element of greater national importance, an advertising campaign to promote the consumption of fish entered into and financially supported jointly by the industry and the Government would be a valuable contribution to the economy of the Atlantic provinces. Such a campaign should be one of large dimensions and include coverage both in Canada and in the United States, where I understand that 75 per cent of our fish production is presently sold.

I conclude by saying that good markets in all branches of our economy provide the answer to the problem of availability of credit and, in fact, most other problems.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

Hon. Mr. Aseltine: Next sitting.

Hon. Mr. Reid: Honourable senators, I was hoping this bill would be referred to a committee, as is usually done with a bill of this type.

On motion of Hon. Mr. Higgins, bill referred to Standing Committee on Banking and Commerce.

PRIVATE BILL

PARAMOUNT (PACIFIC STANDARD) LIFE INSURANCE COMPANY—COMMITTEE AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill S-12, to incorporate Pacific Standard Life Insurance Company.

On motion of Hon. Mr. McKeen, for Hon. Mr. Hayden, Chairman of the committee, the amendments were concurred in.

THIRD READING

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

Hon. Mr. McKeen: Now. I so move.

Motion agreed to and bill read the third time and passed.

TRANS-CANADA HIGHWAY BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Aseltine, seconded by Hon. Mr. Brunt, for the second reading of Bill C-29, to amend the Trans-Canada Highway Act.

Hon. Sydney J. Smith: Honourable senators, the very fine presentation of the bill made by the honourable Leader of the Government in this house (Hon. Mr. Aseltine) yesterday leaves me with little to say,—but there is in my opinion, one notable exception. I want to speak briefly on a phase which I am not too happy about. I followed very carefully the honourable leader's exposition, in the hope that something would be said by way of a definite assurance that the program of this national enterprise would be completed before the termination of the present agreements. I was disappointed that his remarks contained no such undertaking. The closest to it that I can find is his statement, reported in *Hansard,* page 362, that:

> The other provinces, except Newfoundland, expect to complete their portion of the highway some time in December 1960.

I then looked through the reports of the Commons debates to see if anything more definite was said at the time the bill was before that house, and it appears that the only statement made in that connection was by the honourable Minister of Public Works, whose reference is in much the same terms as those used by our honourable leader. He said, as reported in House of Commons *Hansard,* page 1245:

> Physical progress to date is generally satisfactory and during the next two construction seasons, which will bring us to the termination date of December 31, 1960, we expect to see a further acceleration in the construction rate.

Much the same terminology was used as to the expectation of the completion date in 1949, when the bill was passed. At that time it was expected that the project would be completed by 1956. We heard yesterday the reasons assigned for the extension of the time, and with these I have no quarrel.

Circumstances change in connection with such things and necessitate alterations in plans. But we have now reached a definitely serious stage in this Trans-Canada highway program, in that, according to figures which have been given, it is expected that a contribution from the federal Government of about $400 million will be required; and of that, about $250 million has been already invested in this project. So that, apart from what has been invested by the various provinces who are parties to the agreements, about five-eighths of the outlay required from the people of Canada has been made. It is not unreasonable to expect that during the next two years new circumstances will develop which will compel us to face, a few years from now, another extension of these agreements and possibly the contribution of further funds to complete the unfinished gaps.

This project, either as a dream or as a plan, has long occupied the minds of many Canadians. As the honourable leader pointed out yesterday, it goes back about half a century, to 1910, when many organizations, particularly the Canadian Highways Association, were organized by outstanding Canadians across the country to promote an all-Canada highway. I recall with some pleasure meetings in which I took part in those early days, with such outstanding leaders in motor club work and highway association work as the late Dr. Doolittle of Toronto. Another personality prominent in this matter was the late Ace Emmett of Winnipeg. These men were typical of those who, in every part of Canada, dedicated their efforts to the promotion of this highway, foreseeing that the motor car would become an important means of travel.

For various reasons that are quite excusable, the intervention of war and other things, nothing definite was done about the project until the Trans-Canada Highway legislation was enacted, in 1949. That was 10 years ago. During the intervening years the idea of a Trans-Canada highway has lost some of its glamour and intrigue for Canadians. Those of us who are familiar with transcontinental motor travel are aware that the majority of Canadian motorists who motor from eastern Canada and the central provinces to the Pacific coast, or *vice versa,* invariably travel over American routes. I know that motorists intending to journey from the Pacific coast to eastern Canada usually go to a Canadian travel bureau to seek information as to roads, and so on, and it is a sad state of affairs that invariably they are advised to go via Spokane or Seattle in the United States. By the same token, those who leave eastern Canada for the west are usually told they can avoid trouble and have a more pleasant trip if they skip out of Canada to Detroit or Port Huron or the Sault and circle around through the United States.

Here is another important thing. We in British Columbia, particularly those like myself who are associated with travel and the motor business, find that easterners motoring to the west coast often get detoured by way of Spokane and become intrigued with the idea of continuing on down to San Francisco or Los Angeles. As a result, many who had the best intentions of going to British Columbia wind up in the southwestern states.

Honourable senators may recall some of the things I had to say not long ago in this chamber about the serious imbalance in tourist trade between Canada and the United States, and the fact that the last available statistics disclosed that Canadian tourists in the United States have been spending $75 million a year more than American tourists have been spending in Canada. This is a serious situation and one that we should do everything possible to correct.

Canadian motorists travel over American routes for the simple reason that this idea has become established as the thing to do. It is a fact that you can motor across Canada over an all-Canadian route, but this is not generally known. Canadians and Americans avoid motoring over the all-Canadian route, considering it to be too hazardous an undertaking. No single factor could correct this situation more effectively than completion of the Trans-Canada Highway. It is true that relatively satisfactory progress has been made in the building of this highway, particularly since the extension of the agreements, but it is still just a start and will remain so until somebody snips the ribbon at the opening of the final connecting link of highway that will join one end of Canada to the other. It may be said that very few motorists will wish to travel from one coast to the other on the transcontinental highway, but that is not the important thing. It is the psychological effect that counts. To put it briefly, I would hope that within two years' time—in other words, by 1961—this highway will have been completed, so that the creative geniuses in the publicity business will be able to rekindle interest and enthusiasm and restore the glamour and intrigue attached to the idea of an all-Canadian route. That kind of publicity would have a terrific psychological impact on all motorists, not only those who contemplate making transcontinental trips.

As I have said, the federal Government has invested $250 million in this highway, and each of the nine provinces which have signed the agreements have substantially invested in it. But until it is completed, the

provinces cannot possibly hope to reap the full benefits of their investment.

Another fact is that the present highway program is not geared to meet the tremendous increase in both commercial and pleasure motor vehicle traffic. In fact, it has been stated on good authority that the Trans-Canada Highway should be a four-lane route instead of a two-lane route, for even now it cannot take care of the motor traffic that is seeking the facilities of a good highway. We should not consider that this service is being provided at public expense just for those who have an urge to travel by motor car, for I am reminded that in the intervening years while the planning and piecemeal construction has been going on with respect to this project the motor vehicle business has become one of the greatest factors, if not the greatest, in our national economy. At least one-quarter—I am inclined to think it is closer to one-third —of all tax revenue collected by municipalities, provinces and the federal Government is derived directly or indirectly from motor vehicles. So this is a matter that demands serious consideration on an economic basis, for it is a source of income that we cannot afford to discourage.

I know that some persons close to the project are enthusiastic about its completion, but, as I have said, unforeseen circumstances might arise to prevent some provinces taking care of their part of the agreement during the next two years. No doubt there is reason to believe they will fulfil their agreements, but the provinces have other financial responsibilities than the building of the Trans-Canada highway through the province, and they are not all finding it easy to finance their budgets for public services of all kinds. I would suggest that the federal authorities approach the completion of the agreements with the provinces in a spirit of co-operation. I do not suggest the wielding of a big stick, but when a federal investment of this kind is going to amount to the sum of $400 million I think the representatives of the Canadian people as a whole are justified in exerting some degree of pressure to get this project completed, so that all concerned, the federal Government and the provincial Governments, will be able to enjoy a return from the huge investment.

Provincial Governements should not be permitted to let the matter drift along. Goodness knows, they are subject to pressures of all kinds to spend money on the completion of other projects. I know there is hope in the minds of some people that if this thing coasts along long enough Ottawa will come to the rescue and complete the job. That happened once before. However, that would be most unfair to at least one province, Saskatchewan, which was the first to complete its agreement. Other provinces are close to the completion of their agreements, and their investment is almost complete. In the interests of fairness and equity, the agreements must be carried out and completed on the basis of the present terms.

Honourable senators, I hope representations will be made and every influence exerted and equitable co-operation extended to the end that this money, which I am sure will be made available to complete this project, will be put to work as soon as possible. The sooner it goes to work, the sooner it will solve, to some extent, the unemployment problem. The project is declared to be a part of the national development program, and I hope it will not be sidetracked in favour of some other project which is not of so widespread national importance to Canada.

Hon. George H. Barbour: Honourable senators, this is a bill whereby the federal Government contracts with the provinces on a fifty-fifty basis, and when the work is completed it backs out and leaves the maintenance and everything else to the provinces. After spending several hundred million dollars on this Trans-Canada Highway, the federal Department of Public Works should at least see to its maintenance. Last session I wrote to the Minister of Public Works, Mr. Green, and asked if he had thought of making any provisions for the maintenance of the highway by paying the provinces one-half the cost of maintenance, or on a mileage basis.

If one travels through the United States from one state to another it will be seen that some of the best highways are maintained better in some states than others. I recall that in the state of New Hampshire, in particular, the grass was well cut. I saw no empty cigarette boxes or pieces of paper lying around. Someone is charged with the duty of clearing away debris of that kind.

The Trans-Canada Highway is of great importance to Canada, and I think it should have the same markings from coast to coast, so that people would recognize it, regardless of the province through which they were travelling. I also think that the grass should be kept cut, the highway looked after, and refuse cleared away regularly, with the same care that is shown in the state of New Hampshire.

In the report of the proceedings on the Trans-Canada Highway in Prince Edward Island, the starting point is given at Wood Islands, and the end at Borden. Then, in referring to New Brunswick, the report says:

New Brunswick starts from the intersection of provincial highway No. 2 and the Nova Scotia-New

Brunswick boundary westerly to Aulac, then easterly by way of provincial highway No. 16 to Cape Tormentine.

That is the terminal of the ferry service going to Prince Edward Island. I am sure that in my province everyone is very grateful to the Government of New Brunswick for extending that highway to Cape Tormentine. I think it is a distance of about 35 miles from Aulac to Cape Tormentine, then there is a gap of 9 miles between Cape Tormentine and Borden.

I would like to ask the Leader of the Government (Hon. Mr. Aseltine) if it is the intention of the Department of Public Works to complete that link between Cape Tormentine and Borden, which is a distance of only nine miles. It is proposed to build a causeway there, and for some two years they have been investigating that possibility. Not long ago I read that the Minister of Public Works hoped very soon to have a report on the causeway.

May I turn now to the Department of Transport, and point out that the ferries running between the Island and the mainland are not new. In fact, one is well over 40 years old. This winter has been an extremely bad one down there, and the ice has been heavier than usual. Last evening I read in the paper that on one occasion the best boat there took an hour and thirty minutes to make the crossing, and yesterday it did not make one crossing, because it was thought it could not meet the boat train in time. The boards of trade in Summerside and Charlottetown, and the local government, are very anxious about this ferry service. Last autumn both boards of trade sent strong resolutions to the Minister of Transport asking him to provide another ice-breaker for this service.

Sometime ago, perhaps a month or more, the old ferry had to be sent to Halifax for repairs, and coming back towards Borden the ice was so heavy that she could not make any headway, and she ran out of fuel oil and ended up at Port aux Basques, Newfoundland. She was there for perhaps two weeks before ice conditions allowed her to come back, and she managed to do that only by the assistance of an ice-breaker.

As nothing has been heard from the Minister of Transport since the resolutions were forwarded, I wrote and told him of the uneasiness of the people on account of this bad service. During Old Home Week there was a ferry breakdown and we had a pile-up of cars a mile and a quarter long.

Hon. Harold Connolly: Did the minister mention the causeway, by any chance?

Hon. Mr. Barbour: No. I did not ask him about the causeway, but I received a nice letter back from him, in which he said he was going to have the thing looked into. Well, ten days ago, the Charlottetown *Guardian,* a newspaper that is always friendly to the Government, carried a scorching editorial, stating they just hated to pick up *Hansard* because there was never anything in it about the car ferry.

Hon. Mr. Aseltine: Nor the causeway either?

Hon. Mr. Barbour: Nor the causeway either. I cut the editorial out of the paper and sent it to the minister. At that time the other car ferry was still icebound off Souris. Since sending the editorial to the minister I have not heard anything from him, so I am wondering if the Government is thinking of building a causeway there or providing a boat for the service.

Hon. Mr. Aseltine: I will bring your complaint to the attention of the minister immediately.

Hon. Mr. Barbour: That is fine.

Honourable senators, I repeat that I think that the dominion should pay the provinces some of the maintenance costs of the Trans-Canada Highway and see that the road is maintained to a high standard, so that people traveling on this road will not encounter any potholes along the route. I think if that were done it would be a great credit to the Government.

Hon. F. W. Gershaw: Honourable senators, the object of this bill is to increase the amount that may be spent on the Trans-Canada Highway from $250 million to $350 million. I would say that by the time the highway is completed the expenditure will have reached $400 million. But such an increase is not very unusual. Away back when the Panama Canal was undertaken it was estimated that it could be built for $160 million, but it actually cost $375 million. The Chicago Sanitary Ship Canal was estimated to cost $16 million, but when completed it had cost $53 million. In the days when a dollar was a dollar it was thought that the Suez Canal could be built for $30 million, but the cost worked up to $80 million.

So, honourable senators, there is nothing exceptional when the amount of money actually expended on an undertaking exceeds the original estimated cost.

The act providing for the construction of the Trans-Canada Highway was passed on December 10, 1949, and by its terms the dominion undertook to pay half its cost up to $150 million. Each province was to choose the most practical route through its territory, to get the lowest possible gradients and gentle curves, and particularly to avoid level cross-

ings wherever possible, the object there being to lessen the number of people killed annually at level crossings.

But there were other difficulties. As time went on difficulties arose because costs of construction were getting higher and the provinces were unable to meet them. Thus, gaps were left in the highway, and the dominion Government agreed that where a gap was not longer than one-tenth of the mileage through the province the dominion would pay 90 per cent toward completion, instead of 50 per cent, of that 10 per cent of the mileage.

Difficulties also arose on the routes through the mountainous regions. For instance, the paved road was to be 24 feet wide with a 10-foot shoulder on each side, and that was to be maintained through the mountains wherever possible. Sometimes the width was cut down to 22 feet. It was found necessary to put in guard rails and to install some 3,000 feet of protection so that snowslides would not destroy the highway. As a matter of fact, these snowslides caused a lot of worry and the Government sent over to Switzerland for mountaineers who were expert in the handling of glaciers and snowslides. These men came over to Canada and some of them are here yet. The advice they gave was very good. They arranged to blow up some of the glaciers by gunpowder. They put the powder in place and attached electric wires to it. Well, bears in that area had a great liking for the saltpetre in powder, and as they came along they found the holes where the powder was placed, reached in and licked up all the gunpowder, so when the electric current was sent through the wires to blow up the glacier nothing happened.

I may say that this highway, started by the Liberal Government, is one of the great accomplishments of that party when it was in power. As time goes by it will be more and more appreciated. As honourable senators know, people nowadays get two or three weeks' holidays with pay every year, and there are excellent motor cars in use today. People like to take their families for a trip, and we hope that more and more of them will use this highway. We hope tourists will come to Canada to enjoy travelling on that highway. And why? Honourable senators know that more than a thousand farm people came to Ottawa this week to tell the Government of the surplus food supplies in the west. Well, tourists coming here will create a market for a lot of that food, and its consumption would be very desirable.

This highway is laid around the large cities that are growing so fast. It runs through the provinces down by the sea, through areas that are rich in historic monuments and historic sites. There tourists can see the Land of Evangeline; there they can see Port Royal, where, away back in 1605, a few people started to cultivate the land, grew a few vegetables and even some wheat—back in the time of Champlain.

In Ontario the highway provides an easy route to numerous scenic areas, notably Niagara Falls.

This broad highway leads also into the west, where there are vast plains "for which the speech of England hath no name—the Prairie". Out there you can drive for hours and not see a single tree. You can, of course, at times see fields of waving grain and great herds of white-faced cattle. Then the highway winds on through the Rockies, where you see spectacular peaks and passes, the minor mountains and major mountain ranges, dashing rivers and foaming cascades, tree-clothed slopes—scenery which is nowhere else in the world to be found. The highway carries on to the Pacific Ocean.

I do hope that this route will be used as a tourist route so that the greatness and the vastness and the great potentialities of this country will be seen by many. Someone has said that, on travelling from the Atlantic to the Pacific:

> There is a thousand miles of forest,
> A thousand miles of plain,
> A thousand miles of mountains,
> And then the sea again.

Hon. Thomas Reid: Honourable senators, it is not my intention to delay much longer the second reading of this bill and its reference to a committee, but there is one particular matter that has not been touched on and which to my mind is particularly important.

The primary purpose of building the Trans-Canada Highway was, I think, so that Canadians from east and west would be able to travel across their own country on a highway of which they can be proud, and not have to go part way through the United States.

Now, the federal Government is spending millions of dollars in the city of Ottawa, not so that the people who live here can have a beautiful city, but so that Canada will have a beautiful capital, and one of which the Canadian people will be proud. We are now coming toward the completion of a trans-Canada highway, which will bring tourists to this city from all parts of Canada for the purpose of seeing the Parliament buildings. And what are we doing for the tourists when they get here? I understand an order has been given that permission for tourists to park on certain portions of Parliament Hill is to be done away with.

I would also point out that before long the great Queen Elizabeth Highway which

passes about a mile and a half south of here will be completed. Anyone who walks up Bank Street in this city any morning or evening will realize that thousands of motorists visit this city. Where they are going to find parking spaces while visiting the Parliament buildings, I do not know. Certainly they are not going to park two or three miles from here and walk to Parliament Hill. The visitors who come to Ottawa by train or plane to see the Parliament buildings are very few; the vast number come by automobile.

As honourable senators know, any one who visits the city of Washington for the first time goes directly to see the great public buildings in that city. The American tourists to whom I have spoken have been enthusiastic about our great Canadian Parliament buildings; they are lavish in their praise of what they see here, notwithstanding the many millions of dollars which have been spent on the American capital buildings. So honourable senators, I am grieved to hear that there is a movement on foot to remove the parking privileges for tourists on Parliament Hill.

My suggestion is that one answer to the problem would be to build a garage at the foot of the hill at the west gate to take care of the cars of civil servants who work on Parliament Hill. Space should of course be provided for the cars of senators, members of the cabinet and members of the House of Commons, but the remainder of the space should be left for tourist parking.

I repeat, honourable senators, we go to great expense to build a highway so that tourists from as far away as British Columbia can come to see the capital city of Ottawa. But what do we do for them by way of parking arrangements at the end of their 3,000-mile trip? I know that the Federal District driveways in the city are beautiful and there are other attractive buildings, but the big attraction is Parliament Hill. I protest as strongly as I can the removal of the tourist parking space from the Parliament grounds. As I have said, provision can be made for parking the cars of the staffs who work in these buildings. I understand that people who work down in the Hunter Building have been parking their cars near the West Block. They see the space there, and decide to slip their cars in when nobody is watching. However, I am told that some checking-up in that regard is now being done. But the problem is to provide parking accommodation for visitors to the capital during the tourist season so as to give every possible encouragement to people to come and see these wonderful buildings.

Hon. W. Ross Macdonald: Honourable senators, I do not wish to delay at any length the passage of this bill. However, I do wish to make a few remarks on it.

The honourable Leader of the Government who introduced the bill explained it quite fully yesterday, and we have had further explanations on it today. The honourable leader tabled certain documents, which will require some study. I trust, therefore, there will be no question about having the bill considered in committee, where we can make a detailed examination of the tables that were placed on *Hansard*.

As was pointed out by the Leader of the Government, and by several other speakers this afternoon, the act which established the right of the Government to spend money on a trans-Canada highway was passed in 1949. At that time the undertaking was to be on what was called a fifty-fifty basis, with the provinces and the dominion Government each paying half of the cost. But in 1955 a federal-provincial highway conference was held in Ottawa, as a result of which new legislation was brought down. That legislation provided that the federal Government would contribute 90 per cent of the construction cost of 10 per cent of the mileage in each province; it also altered the date of completion of the highway, which is now supposed to be December 31, 1960.

Honourable senators, during the last few years there has been great development in the whole concept of transportation: trains are running faster, and airplanes are extending their lines across the country. I believe railway developments and extensions have been made in almost every province of Canada, with the possible exception of what we know as the four Maritime provinces. Down there, I understand, in the past 10 years railway extensions have taken place only in the province of New Brunswick, and that was only an eleven-mile stretch between Bartibog and Heath Steel Mine, and I doubt if very many trains are running on that line today.

Large sums of money have been spent on railway construction in other provinces.

Hon. Mr. Monette: May I ask the honourable leader if he has the figures for the province of Quebec?

Hon. Mr. Macdonald: I do not have the figures for Quebec, but I recall that quite an important and lengthy line was recently built into the Chibougamau area, which was a very costly undertaking. I think the first half of the line went into a rich mining district, and the balance went through a country which is only now being developed. So, I think it can reasonably be said that, outside the Maritime provinces, there have been many railway extensions in Canada.

Now, honourable senators, I have a suggestion to make to the Leader of the Government. Although this suggestion was made at the last National Liberal Convention, I am sure the Government won't condemn it right off. The Government, I hope, will accept good suggestions no matter from where they come. At that convention it was suggested that the federal Government should undertake to pay 90 per cent of the total cost of the building of the Trans-Canada Highway in the Maritime provinces. If that were done it would provide a kind of equalization of the cost of transportation facilities in the four Atlantic provinces compared to what has been done in the other provinces. I make this suggestion very seriously to the Government, and I am sure that people in all parts of Canada would agree that it would be a very fair thing to do.

With respect to other matters concerning this railway, I might say that it was my very good fortune this summer to travel throughout Canada by rail. I saw the road to which the honourable senator from Medicine Hat (Hon. Mr. Gershaw) has referred being built in northern Ontario, and also some road construction across the Prairies, and I travelled on a part of the highway in British Columbia. There are wonderful tourist spots in all parts of Canada. In days gone by it was my privilege to visit a number of such places in the Maritime provinces. I do not care to think how many years ago it was—probably over 50—that I made a memorable visit to New Brunswick; but I have never forgotten the beauties of the little towns of Shediac and Buctouche and the beaches along the Miramichi and the Restigouche. A few years ago I was in Prince Edward Island. I arrived there by air, and I shall never forget the scenery of that part of the country as I then saw it. The land appears to be red, and there are green spots along with red spots. I recall vividly such beautiful views as the honourable senator from Murray Harbour (Hon. Mrs. Inman) described a few days ago. In Nova Scotia it was my privilege to visit a very attractive little place, somewhere west of Halifax I believe, known as Peggy's Cove; I also travelled down the Annapolis Valley, in the Evangeline country which has been referred to today. It was not my privilege to see Cape Breton, but I hope to visit there at no distant time, and also the island of Newfoundland, which has, no doubt, very attractive towns, with most intriguing names such as those which were mentioned a few days ago by the honourable senator from St. John's East (Hon. Mr. Higgins).

In all parts of Canada one may find scenic beauty. Last summer it was my privilege to go to British Columbia. I travelled along the highway, not yet completed, from Calgary to Banff. As one approaches Banff one is surrounded by mountains. From there I went to Lake Louise, which possesses a beauty unsurpassed in the world. On my return I stayed for a number of days in Banff, and while there visited the School of Fine Arts. It amazed me. I had heard of it, but I supposed it to be a comparatively small affair. In fact, honourable senators, it is now a university in itself. It is directed by one of our own colleagues, the honourable senator from Banff (Hon. Mr. Cameron). He started it in 1933 with a grant from the Carnegie Foundation of $10,000, which was made for three years. The purpose was to encourage an appreciation of the arts. At that time the school had no buildings. Its activity was carried on in local school halls, private houses, and tents; in other words, through a mobilization of local resources. The school continued during the trying years of 1933 to 1937, and throughout the war years, 1939 to 1945, but even then it had no buildings. At that time the length of the courses was about six weeks. In 1946 permission was given by the Board of Governors of the University of Alberta to raise funds for the school by private contributions, and from that year until 1958 two and a half million dollars have been contributed by private donors, provincial Governments, the provincial university, and the Canada Council.

Today, honourable senators, this fine arts establishment, if not completed, can take pride in having one of the most beautiful campuses in the dominion—one which would compare favourably with that of any university. There are classrooms which will hold 150 persons; there is also a large school classroom with accommodation for 500; and a fine dining hall, which holds 600, where it was my good fortune to have a meal—which is possibly why I appreciate it so much. There is sleeping accommodation for 350 in the winter and 325 in the summer. Today the operating budget of the Banff school amounts to $400,000, and honourable senators will be interested to know that, with the exception of a $10,000 grant from the University of Alberta, the entire sum is earned by the school. It now operates the year-round: for 12 weeks, as a school of fine arts; for 24 weeks, as a school of business administration. As an education centre it is carried on for 12 months in the year.

May I say, before Mr. Speaker calls me to order, that I appreciate that he has followed my remarks with interest. I knew he would, as he himself is such a great patron of the

arts. However, I am not out of order. I may have appeared to have been getting off the highway, probably on the soft shoulders, but there was a reason for my reference to this school other than to pay a tribute to the honourable senator from Banff. I might point out that in 1958 73 groups took courses at the school and over 7,000 people spent from three days to twelve weeks in attendance there. Now, honourable senators, with 7,000 people going to that school, there must be some means of transportation.

Hon. Mr. Aseltine: Now you are back on the highway!

Hon. Mr. Macdonald: Yes, I am on the highway again.

The Hon. the Speaker: After a long detour!

Hon. Mr. Macdonald: Probably most honourable senators, including His Honour the Speaker, did not take a detour but went directly to Banff via the Trans-Canada Highway.

The highway is not only serving western Canada to the benefit of our tourist traffic and ordinary business, but it is also helping to attract men and women to the Banff School of Fine Arts, which is growing year by year. In 1958 students from every Canadian province and at least 20 American states took courses at the school.

I think honourable senators will agree that the magnificent development of the Banff School of Fine Arts could not have been brought about without the enthusiasm and the organizing ability of the honourable senator from Banff (Hon. Mr. Cameron) and his love for the arts, humanities and social sciences. It must be a great source of satisfaction, not only to him but to his colleagues in the Senate, that today this school is a truly international centre for fine arts and adult education.

Honourable senators, we have in Canada the Trans-Canada Air Lines, which is amongst the best air lines in the world. We also have two great transcontinental railways, which are amongst the best railways in the world. When the Trans-Canada Highway is completed we shall have one of the best transcontinental highways in the world.

Hon. Harold Connolly: Honourable senators, this Irish heart of mine which overflows with love for all humanity prompts me to move the adjournment of this debate.

Motion agreed to and debate adjourned.

The Senate adjourned until Monday, March 16, at 8 p.m.

66972-1—26

THE SENATE

Monday, March 16, 1959

The Senate met at 8 p.m., Hon. Arthur M. Pearson, Acting Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following documents.

Report of the Bank of Canada for the calendar year 1958, pursuant to section 27(3) of the Bank of Canada Act, Chapter 13, R.S. 1952. (French text).

Further Supplementary Estimates (3) for the fiscal year ending March 31, 1959.

Copy of an exchange of Notes between Canada and the United States of America, dated March 9, 1959, constituting the Agreement respecting the St. Lawrence Seaway Tariff of Tolls. (English) and French texts).

R.C.M.P. DOCUMENTS REQUESTED

Hon. W. Ross Macdonald: Honourable senators, in the House of Commons this afternoon the Minister of Justice tabled a letter dated March 12, 1959, addressed to him from Commissioner Nicholson, of the Royal Canadian Mounted Police, and also a copy of his reply to Commissioner Nicholson. Would the honourable Leader of the Government (Hon. Mr. Aseltine) be kind enough to have copies of those letters tabled in our house?

Hon. Mr. Aseltine: I will attend to that.

Hon. Mr. Macdonald: While I am on my feet, and speaking to this subject, may I say that I noticed that on February 16 the Minister of Justice tabled in the other house a copy of the Newfoundland-Canada police contract. Would the Leader of the Government also table a copy of that contract in this house?

Hon. Mr. Aseltine: I do not think it has been tabled yet. I will be glad to include it with the other documents the honourable leader opposite has requested.

Hon. Gordon B. Isnor: Would the Leader of the Government be good enough to table also the agreement between the Province of Nova Scotia and the Government of Canada with respect to the R.C.M.P.?

Hon. David A. Croll: In view of the request made by the honourable senator from Halifax (Hon. Mr. Isnor) for a copy of the agreement between the Government of Nova Scotia and the dominion Government, having reference to the Royal Canadian Mounted Police, I think it would be well, and I so request, that all the federal-provincial agreements—I believe there are eight of them—now in existence in relation to this matter be laid on the table. Otherwise we shall be having them in "dribs and drabs" and it will be difficult to understand them.

UNITED KINGDOM PRIME MINISTER

VISIT TO OTTAWA

Hon. Donald Cameron: Honourable senators, I noticed in this afternoon's paper plans for the visit by the Right Honourable Harold Macmillan to Ottawa tomorrow, and I was disappointed to see no provision for members of the Senate and House of Commons to hear what he will have to say here. I wonder if the newspaper report is correct. At a time like this, when there is so much interest in what is happening on the world scene, it would be extremely valuable if members of both houses had an opportunity to hear from the Prime Minister of the United Kingdom. I realize that his schedule is a very heavy one. May I ask if the honourable Leader of the Government (Hon. Mr. Aseltine) has any other information on this matter?

Hon. Mr. Aseltine: I understand that the Prime Minister of Great Britain will be here only some three hours. It will be impossible for him to address both houses.

DIVORCE

BILLS—FIRST READINGS

Hon. William H. Golding, for Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce presented the following bills:

Bill SD-135, an Act for the relief of Jan Roberti.

Bill SD-136, an Act for the relief of Mary Athanas Copis.

Bill SD-137, an Act for the relief of Marie Marguerite Louise Leclerc Andrews.

Bill SD-138, an Act for the relief of Lorlotte Juliane Selma Wilhelmine Gude Hirtreiter.

Bill SD-139, an Act for the relief of Mary Alice Hadley Hutchison.

Bill SD-140, an Act for the relief of Flore Crevier Plamondon.

Bill SD-141, an Act for the relief of Karl Efraim Hill.

Bill SD-142, an Act for the relief of Ina Charlotte Charleson Hyde.

Bill SD-143, an Act for the relief of Gisela Antonie Anita Popp Sainitzer.

Bill SD-144, an Act for the relief of Alfred Laliberte.

Bill SD-145, an act for the relief of Lawrence Crites.

Bill SD-146, an Act for the relief of Marie Jeanne Madeleine Saint-Pierre Pare.

Bill SD-147, an act for the relief of Marie Louise Marguerite Therese Bernaquez Aubin.

Bill SD-148, an Act for the relief of Jean Scott Bain Kunst.

Bill SD-149, an Act for the relief of Josef Libich.

Bill SD-150, an Act for the relief of Roger Desjardins.

Bills read first time.

The Hon. the Acting Speaker: Honourable senators, when shall these bills be read the second time?

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

CONVENTION ON NATIONALITY OF MARRIED WOMEN

NOTICE OF MOTION

Hon. Mr. Aseltine: Honourable senators, I give notice that on Thursday next I will move:

That it is expedient that the Houses of Parliament approve the convention on the Nationality of Married Women done at New York on February 20, 1957, and that this house do approve the same.

In this connection I may say I have some 50 copies of the convention which I would like to lay on the Table, so that any honourable senator who requires a copy may obtain one.

DOMINION CURLING CHAMPIONS AND SCOTCH CUP CHAMPIONS

TRIBUTE TO VICTORIOUS RICHARDSON RINK

On the Orders of the Day:

Hon. R. B. Horner: Honourable senators, I hesitate to do a little boasting, but before the Orders of the Day are proceeded with I would like to draw the attention of the house to the recent splendid curling performance of the Richardson rink of Regina, Saskatchewan. Recently in Quebec City they did a magnificent job, representing the province of Saskatchewan, by winning the MacDonald's Briar Tankard, symbolic of the Dominion Curling Championships. Then the four brothers flew to Scotland, where they defeated the Scots at their own game, winning the Scotch Cup in three straight games.

By way of further boasting, may I say that the grandfather of those boys was a first cousin of mine. I would like to say also that of all the great men who left eastern Canada to go west there was none better than he, the grandfather of those boys. He lived in Radford, Quebec. As a boy I helped him with work around his barn and house on his lovely farm. When others were taking it easy, he would be digging out stumps. The neighbours all said he was a fine fellow but that he was just killing himself working. Later he moved west, and out there he went through the same performance. While other men took time off from work occasionally he had no time to spare. If he had ever found time to curl, which I doubt, he would have given a perfect performance. His neighbours in western Canada warned him in the same way as his neighbours in the east had done, that he would kill himself working. Well, honourable senators, perhaps he did, but it took him 87 years to do it. All the five-day-week men and eight-hour-day men died long before he did.

PUBLIC SERVANTS INVENTIONS BILL

SECOND READING

Hon. William R. Brunt moved the second reading of Bill C-33, to amend the Public Servants Inventions Act.

He said: Honourable senators, Bill C-33 is entitled "An act to amend the Public Servants Inventions Act".

Before dealing with this particular bill, I feel that I should give to this honourable body a short explanation in connection with the act which is now being amended, and also make reference to the National Research Council Act, which is also related to this particular amendment.

The latter act was originally passed in 1916, and under it a research corporation or body was set up and created and put to work. Naturally, as a result of the work that was done by the National Research Council of Canada inventions came about which had to be processed, patented and marketed. Hence, under and pursuant to the powers contained in section 17 of the National Research Council of Canada Act there was set up and incorporated a Crown corporation under the name of Canadian Patents and Development Limited. The objects and powers of this company were to look after the matter of patenting, processing and marketing of all inventions created by the employees and servants of the National Research Council of Canada.

In addition to inventions which were created by the employees of the National Research Council of Canada, civil servants in other Government departments and in Crown corporations were creating inventions from time to time. No legislation existed or was on the statute books of Canada to deal with these inventions. Under these circumstances, and accordingly to cover this situation, there was passed during June of 1954 an act known as the Public Servants Inventions Act. In this particular act one finds:

first, the definition of a civil servant; next, the matter of inventions which are vested in the Crown is defined; then there is set out in detail the procedure which must be followed by the inventor in conjunction with the Crown in order that his particular invention will be processed, patented and marketed. In addition, there is procedure for protection of the inventor as well as of the Crown.

The act further gives to the appropriate minister—and by appropriate minister I mean the minister of the department in which is employed the civil servant who has made an invention—the right to refer the matter of the invention and patent to the appropriate Crown corporation, which in this case is Canadian Patents and Development Limited. It is in connection with the reference of these matters to Canadian Patents and Development Limited that part of the amendment as proposed by the present bill arises.

The amendment in this particular bill deals with section 9 of the original act. This section of the original act gives the appropriate minister authority to refer the matter of an invention and patenting thereof and all other matters relating to the processing, patenting and exploiting thereof to the Crown corporation which I have referred to before and which operates under the name of Canadian Patents and Development Limited.

In due course it was found that section 9 in its present form presented certain difficulties, in that royalties received on the patents were payable into the consolidated revenue fund, yet the Crown corporation had to pay all the costs in connection with the processing and marketing of patents. Hence an amendment was necessary so that this Crown corporation could carry on, on a sound financial basis.

This amendment to the Public Servants Invention Act, as senators will well realize, does not change the purpose of the original act, and it is being passed only for the purpose of making it possible for the Crown company to operate in a more efficient manner, so that inventions which are referred to it by other departments can be handled efficiently.

The purpose of the amendment is to permit the corporation to which the administration of inventions or patents has been transferred to retain the moneys received therefrom and to require that these moneys be used for the purposes of this act and for the purposes for which the Crown corporation was established.

Hon. Mr. Hayden: Will the honourable senator permit a question? How has the Crown company that has been administering these patents been financed up to the present?

Hon. Mr. Brunt: I will come to that. They have money on hand, and that is another reason why they want this amendment. Also, that is the reason for the amendment being made retroactive.

Hon. Mr. Hayden: You mean they have been holding royalties instead of paying them into the Consolidated Revenue Fund?

Hon. Mr. Brunt: That is right. I will come to that in due course.

The purpose of the act is indeed an admirable one: It is to establish a fair and uniform approach for the processing of any invention made by a civil servant.

In order to elaborate, I think I should point out the purposes for which Canadian Patents and Development Limited was established under the Research Council Act, and these briefly are as follows:

(1) To receive, examine and evaluate any invention referred to it not only by the National Research Council but by any other Government Department.

(2) To determine if the invention is new, and decide as to the possibility of securing a patent of such invention.

(3) To determine if the development might have any commercial value or beneficial value to the general public.

After careful examination, if it is decided that the invention is new and that it has a commercial value or would be beneficial to the general public and it is considered that the invention is patentable, then consideration is given to having it patented.

If a patent issues, Canadian Patents and Development Limited proceeds to exploit the patent with industry, and to complete all the arrangements necessary to sell it to industry on a proper basis.

Costs of all of the above mentioned items are paid for by Canadian Patents and Development Limited, which they paid originally on the distinct understanding that they would recover such costs from the royalties or moneys realized from the outright sale of a patent.

Hon. Mr. Hayden: With whom did they have that arrangement, with the inventor?

Hon. Mr. Brunt: Yes, with the inventor.

Under the act as it stands at present, the royalties are payable into the Consolidated Revenue Fund, and as the Crown corporation known as Canadian Patents and Development Limited receives no funds from Parliament, it is becoming impossible for it to operate. However, if it keeps the money it has on hand it can operate for a certain length of time, but eventually it will be unable to operate because of a lack of funds.

Under these circumstances all the royalties and other payments made by industry in connection with patents, as I have outlined above, will be made payable to the Crown corporation, and not be paid into the Consolidated Revenue Fund. The moneys so paid to the Crown corporation are to be retained and used by it to cover any expenses incurred by the corporation in order to process, complete and market a patent. If this proposed amendment to the act is not made, it simply means that the Crown corporation in due time will have to discontinue its work of obtaining and marketing patents for other departments, since eventually it would have no funds available for this particular work.

Now I come to the point raised by my honourable friend from Toronto (Hon. Mr. Hayden). On May 9, 1958, the Auditor General made a report to the effect that the moneys then on hand and held by the Crown corporation should have been paid into the Consolidated Revenue Fund, and the securities which it holds should be turned over. Once this was brought to the attention of the corporation, they set about to have the act amended, and it is this amendment that I am now presenting to this honourable chamber.

Hon. Mr. Power: How much money did they start out with?

Hon. Mr. Brunt: Nothing.

Hon. Mr. Hayden: Is my friend suggesting that Parliament set up a Crown company, gave it work to do and gave it no money?

Hon. Mr. Brunt: As far as I know, that is so.

Hon. Mr. Power: There was no estimate for it?

Hon. Mr. Brunt: I know of no estimate for it. Of course, I was not here when it was done, and I was not a member of the Government, but I am sure we can get definite information on that when the bill goes to a committee. As I say, my information is that nothing was voted.

Hon. Mr. Macdonald: The honourable senator does intend that the bill should go to a committee?

Hon. Mr. Brunt: By all means.

In addition to the above, by this proposed amendment the Canadian Patents and Development Limited would be authorized to make awards to the inventors concerned, in accordance with section 11(1) of the regulations passed pursuant to the Public Servants Inventions Act. I have those regulations here, and if any honourable senator would like to see them, I would be glad to lend them to him. All such awards, of course, could only be made on the recommendation of the appropriate minister.

What I would like to point out, honourable senators, and to reiterate and emphasize, is that the amendment does not in any way affect the purpose of the act as it was originally passed. However, the first amendment in the bill does make it possible for the Crown corporation, Canadian Patents and Development Limited, to operate in a proper and efficient manner.

Honourable senators will note that clause 2 provides a second amendment, as follows:

> This act shall be deemed to have come into force on the 1st day of June, 1955.

Honourable senators, this is retroactive legislation, and I am sure everyone looks upon that type of legislation with a suspicious eye. However, in this case I think the amendment has to be retroactive.

In this respect it should be pointed out that the proposed amendment, when passed, will come into force on the 1st day of June, 1955, which is the day that the original act came into force, the reason being that assignments of inventions under the original act were made to Canadian Patents and Development Limited shortly after June 1, 1955; and, under this bill it is intended that all assignments in the past shall be ratified and in order, as well as all future assignments.

Hon. Mr. Reid: And payments shall be made too?

Hon. Mr. Brunt: I am coming to that.

Finally, it is intended that Canadian Patents and Development Limited should retain and use all moneys and securities it now has on hand for the purposes and benefits that I have outlined previously. In other words, they will be able to retain everything they have, and all the assignments which have been made subsequent to June 1, 1955 will be ratified.

Hon. Mr. Hayden: Would the honourable senator permit a further question? I notice under the statute the authority is given to the appropriate minister, being the minister who under the Financial Administration Act is the minister in charge of the department in which the inventor is working. So, the scheme of the statute as originally passed provided for a direct administration by the ministers of various departments; but it also provided for an agency to which the administration and control of the invention might be transferred.

I noticed the significant language that is used in that case, and I am wondering what authority there is for the legal opinion of the Auditor General that the money should go to the Consolidated Revenue Fund. I just wanted to refer my friend to the basis of this whole question. I notice by section 9(3) of the statute—

Hon. Mr. Brunt: That is the original act?

Hon. Mr. Hayden: Yes, as passed in 1953-54—this provision:

> Notwithstanding anything in its charter or act of incorporation, an agency to which the administration and control of any invention or patent is transferred under this section has the capacity and power to receive, hold, administer, control, develop and exploit the invention or patent—

Hon. Mr. Brunt: That is right.

Hon. Mr. Hayden: I have always been brought up with the idea that if you are given the authority to exploit an invention or a patent, it means exactly that you may negotiate for the use of and are entitled to receive the benefits.

Hon. Mr. Brunt: I am sure my honourable friend knows that I am not in a position to tell him on what authority the Auditor General has come to this conclusion. But if he so desires, I will be glad to have the Auditor General come before the committee, and we shall all learn on what authority he came to his opinion.

Hon. Mr. Connolly (Ottawa West): Or he can send his lawyer.

Hon. Mr. Isnor: On that point—to go a little further—I wonder whether the honourable senator would be good enough to explain the meaning of the word "exploit" as used here.

Hon. Mr. Brunt: I believe the word has been inserted as a "catch-all". Anything which is not covered by the previous words is supposed to be covered by the word "exploit".

Hon. Mr. Connolly (Ottawa West): It has a well-defined meaning.

Hon. Mr. Wall: In view of the fact that the agency to which this amendment refers began its operations ostensibly with no funds at all, and now has funds, may I ask whether the purpose of this amendment is such that if, as could happen, this agency made a tremendous amount of money and some day had a large sum at its disposal, a change would be required in the act in order that money could go into the Consolidated fund?

Hon. Mr. Brunt: That is quite possible. It is not by any means a broken-down corporation. Its assets as of March 31, 1958, were $535,178. That is the total of its assets. As against this, of course, there are liabilities which, if honourable senators do not mind, I will put in round figures, as follows: accounts payable, $47,000; outstanding stock, $296,000; and there is a surplus of $191,023. However, it is only fair, I think, to point out that for the year ending March 31, 1957, this corporation reported a loss of $5,191, and that its loss in the year ending March 31, 1958 was $3,825. The company does not always make money, and I think it is only right and proper that it should have some substantial assets with which to pay losses.

Hon. Mr. Hayden: I noticed that one of the items mentioned by the honourable senator was outstanding stock. That is the outstanding stock of this Crown agency?

Hon. Mr. Brunt: That is so.

Hon. Mr. Hayden: Well, who bought it? The Crown, I would assume. That is where it got its money.

Hon. Jean-François Pouliot: Honourable senators, put in a nutshell, the purpose of this legislation is to legalize a technical embezzlement by Canadian Patents and Development Limited. The purpose of that corporation was to look after patents from the National Research bureau and other patents referred to it by the deputy ministers concerned—

Hon. Mr. Brunt: By the ministers.

Hon. Mr. Pouliot: —in some cases. There was a lengthly discussion as to whether Canadian Patents and Development Limited was the only agency that looked after patents for inventions made by civil servants, and one is not to be deceived by the title of the bill, which is "the Public Servants Invention Act". The public servants have nothing to do with it. A public servant invents something, and he has no right to it; it belongs to the Crown; and, according to the law in force at the present time, all the proceeds of such inventions or patents go to the Consolidated Revenue Fund, and the revenue from each agency goes to the same fund. At the present time an exception is made, upon the pretext that no money has been voted for Canadian Patents and Development Limited, and therefore, in order to subsist, it must have revenue derived from the inventions of public servants. That point was made by the Minister of Trade and Commerce when he sponsored the bill, and the same statement has just been made by the honourable senator who sponsored the legislation in this chamber. There were numerous complaints about the drafting of the bill.

Hon. Mr. Brunt: Is that the original bill?

Hon. Mr. Pouliot: The meaning of the bill is that the agencies—I use the plural intentionally, because there is not one agency—will have to make a deal with the Department of Finance in order to recover from the Consolidated Revenue Fund all the revenue which it has received from patents which have been "exploited"—to use the language of the bill. But in virtue of this legislation, the one that has been exploited is not at

all the invention, it is the public servant, because he had no benefit whatever from his discovery or invention.

But there is more to be said. I referred to section 9, the first subsections of which appear in the explanatory notes and are the heart of the bill. It mentions what is done by a civil servant who makes an invention. By virtue of the act he has to report to his own deputy minister who decides—I am speaking of what happens outside the National Research Council—whether the invention shall be submitted to the Canadian Patents and Development Limited or to any other Government agency. There were complaints about the possible laziness of some deputy ministers—

Hon. Mr. Brunt: Would the honourable gentleman permit me to ask a question? Who made the complaints?

Hon. Mr. Pouliot: Those objections were made in the other house. I do not quote verbatim what was said there, but I can surely refer to it. There were no answers given to the questions, which were very appropriate and pertinent to this bill. For instance, it is well known that the patents in the hands of the various agencies of the Government are most valuable and some of them have been exploited and some others have not. It is impossible to discuss intelligently a bill like this unless one knows how many applications for pay have been sent, how many have been refused, what are the patents which are actually held by the Government, what is their value, what is their revenue, what is the amount of the royalties and what awards have been granted to civil servants.

Sometimes we see that a civil servant has made an invention which is most helpful to a department. He has been awarded $100. What is that compared to the value of the invention itself? If we are to discuss this bill there must be somebody in committee who will be in a position to answer those questions to the satisfaction of my honourable friend who has piloted the bill in this chamber (Hon. Mr. Brunt) as well as to the satisfaction of all our honourable colleagues. Now we are in a fog. This is a kind of legislation that is most unsatisfactory. In the other place, as the House of Commons is called, no answer was given by the minister and he promised to satisfy those who were asking most pertinent questions. There was no answer and apparently the bill has not been sent to a special committee there, but I hope that this bill will be sent to a committee here where we will have witnesses who will be in a position to reply to those questions, not only about Canadian Patents and Development Limited but also about the agencies that are in possession of those patents which are common property and which are national property.

Subsection (1) of section 9 of the present act reads as follows:

> The administration and control of any invention vested in Her Majesty by this act and any patent issued with respect thereto are vested in the appropriate minister, and the appropriate minister may transfer such administration and control to any other minister or to any corporate agency of Her Majesty.

Subsection (2) reads:

> The appropriate minister or other minister or agency referred to in subsection (1) may develop and exploit any invention under the administration and control of such minister or agency, as the case may be, and may on behalf of Her Majesty enter into any agreement with any person for such purpose.

I wonder how many inventions have been exploited by any department? What are they and what has been the success or failure of the administration in each case? This is important to know.

Subsection (3) is as follows:

> Notwithstanding anything in its charter or act of incorporation, an agency to which the administration and control of any invention or patent is transferred under this section has the capacity and power to receive, hold, administer, control, develop and exploit—

Again we have the word "exploit".

> —the invention or patent and generally to carry out the provisions of this Act with respect thereto.

The fourth subsection, which is provided in the present bill, reads:

> (4) Where pursuant to this section the administration and control of any invention or patent has been transferred to a corporate agency—

It says "a corporate agency", not "the corporate agency".

> —of Her Majesty, any money received by the corporate agency in the course of the administration and control of the invention or patent may be retained by that corporate agency, and shall be used for the purposes of this act and the objects and purposes for which the agency was established.

This is the full section 9, but there is more to the bill.

Section 2 of the bill says:

> This act shall be deemed to have come into force on the 1st day of June, 1955.

That means that the money which has been paid for royalties to the Consolidated Revenue Fund shall be given back to the Crown agencies. There is no other possible way of interpreting section 2. My honourable friend shakes his head negatively, but I repeat that is the only possible interpretation of this piece of legislation. If it is not, why does the bill have a retroactive clause? If the honourable senator wants to answer, he may do so.

Hon. Mr. Brunt: I can assure the honourable senator that when the bill goes before a committee I will do my utmost to see that the appropriate civil servants are there to answer his question. I would like to point out to him, however,—

Hon. Mr. Macdonald: May I ask if the honourable gentleman is closing the debate?

Hon. Mr. Pouliot: No, he is answering a question of mine to give me information, and then I will proceed. Otherwise I would not have paused. It was just a matter of courtesy.

Hon. Mr. Brunt: On the other point, I would like to say that the Crown corporation known as Canadian Patents and Development Limited does not have to get this money from anybody; it already has the money, and, wants to regularize and legalize its rights to retain it.

Hon. Mr. Pouliot: That is a confirmation of what I said. It is a technical amendment, because the money was supposed to go to the Consolidated Revenue Fund, and the corporation has had it. It is precisely to correct that situation that this legislation is brought in.

May I ask the honourable gentleman, if this bill is sent to a committee tomorrow, will it be the Banking and Commerce committee?

Hon. Mr. Brunt: I think that would be the appropriate committee to refer the bill to.

Hon. Mr. Pouliot: I would like to have the information that I have mentioned about the patents that are in the hands not only of Canadian Patents and Development Limited, but about the patents that are in the hands of the agencies of the government—for this very reason, that some of them may have been disposed of and the rights transferred to some other corporation, and the royalties are paid to the Crown, but some other patents are left there that are very valuable. Moreover, if some patents have been transferred to some countries in Europe and Asia it would have meant more for them than the moneys or goods that they have received. Also, I would like to know what amounts have been paid as awards to civil servants who have made inventions. I hope all that information will be given tomorrow, and that we shall have satisfactory witnesses before the committee.

Hon. Vincent Dupuis: Honourable senators, I want to add a few words in the form of questions. I am wondering if this practice of a corporate body having the right and the benefit of an invention also applies to departments of the Government. I understand that large companies reward an employee who invents something of value to the business, and I wonder if that should not be the case when a civil servant invents something useful to the Government. Secondly, I would like to know if the salary of a civil servant is increased if he submits a new idea or invention that is proved to be of use, such as certain machinery, or anything of that kind, and also whether such an employee is given the time and means necessary to enable him to perfect and put his new idea or invention into a proper form to be useful. I understand that large companies, like the automobile companies in Michigan, Ontario, and elsewhere, give employes time off and all the tools necessary to perfect new ideas or inventions, and that compensation is paid in money when the company derives benefit from an invention. I would very much like to know if the departments of Government offer similar privileges to employees. Perhaps I could have this answered by an official, if this bill goes to a committee.

Hon. Mr. Brunt: If no other senator wishes to speak, I will close the debate. First, however, may I point out the senator who has just spoken (Hon. Mr. Dupuis) that it is the custom and practice, not only in Government departments and Crown corporations, but also in private industries, that where a person is employed and creates an invention on the time of his employer, the invention belongs to the employer. That is a well-recognized principle.

Hon. Mr. Hayden: That is the law.

Hon. Mr. Dupuis: Oh, no.

Hon. Mr. Brunt: Yes, of course it is.

Hon. Mr. Isnor: Such an employee gets fairly high awards.

Hon. Mr. Brunt: I am coming to that. It is also recognized that private industry pays extra sums of money to people who create useful inventions. I refer honourable senators once again to section 11, subsection (1) of the regulations passed pursuant to the Public Servants Invention Act, in which are set out the awards that can be made to civil servants. I am not going to read all of them, but they start as low as $1,500 and go as high as $6,700, plus two per cent on any amount that is realized in excess of $80,000 for a patent. So under the regulations there is provision for treating civil servants in exactly the same manner that employees are treated in industry.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Brunt, bill referred to Standing Committee on Banking and Commerce.

TRANS-CANADA HIGHWAY BILL

SECOND READING

The senate resumed from Thursday, March 12, the adjourned debate on the motion of Hon. Mr. Aseltine, seconded by Hon. Mr. Brunt, for the second reading of Bill C-29, to amend the Trans-Canada Highway Act.

Hon. Harold Connolly: Honourable senators, you see before you a humble though unrepentant, if somewhat overwhelmed, citizen of the Atlantic region—humble, because all citizens from that part of Canada are humble; unrepentant, because possibly there flows in my veins the blood of Irish forebears who died on the gallows rather than submit to the yoke of the tyrant; and somewhat overwhelmed, of course, because of the suggestion made in this chamber on Thursday last by the honourable Leader of the Opposition (Hon. Mr. Macdonald) when he proposed to the Government that they should make a very special concession to the Atlantic provinces in the matter of the Trans-Canada Highway.

With your permission I would like to repeat the suggestion which was offered on that afternoon. The honourable leader said this:

> Now, honourable senators, I have a suggestion to make to the Leader of the Government. Although this suggestion was made at the last National Liberal Convention, I am sure the Government won't condemn it right off. The Government, I hope, will accept good suggestions no matter from where they come. At that convention it was suggested that the federal Government should undertake to pay 90 per cent of the total cost of the building of the Trans-Canada Highway in the Maritime provinces. If that were done it would provide a kind of equalization of the cost of transportation facilities in the four Atlantic provinces compared to what has been done in the other provinces. I make this suggestion very seriously to the Government, and I am sure that people in all parts of Canada would agree that it would be a very fair thing to do.

I want to extend my personal thanks, and the thanks of all those people I speak for in the Atlantic provinces, to the honourable Leader of the Opposition for what he has suggested, because the economic fact is, as I endeavoured to point out a few days ago, that in that underprivileged section of Canada it is almost a complete impossibility to take on any greater capital expenditures than now confront those provinces. And while I do not for one split second agree that subventions or a little extra financial aid will cure the economic conditions of that section of Canada, I must confess that they are of some help. I think of them in terms of aspirin tablets that relieve while they do not cure. But because our position is desperate we do require whatever assistance can be given by the rest of the people of Canada.

Now to illustrate what I say, may I just give some figures. They are not my own but are the work of the Dominion Bureau of Statistics, and I accept them at their face value.

For example, in January, in the province of Nova Scotia, 42,500 people were applicants for unemployment insurance. I remind you that the population of that province is approximately only 700,000, and that figure of 42,500 is more than 5 per cent of the total population of the province—not the working population, but the total population of the province. And exactly the same situation prevails in the next largest Atlantic province, New Brunswick, where in January 40,500 people were unemployed. I mention these figures because surely they are evidence of this fact, so well understood by the Leader of the Opposition, in the Chamber, that extra financial aid is necessary in the Atlantic region if the economy is even to maintain its present momentum.

Let me give you one other set of statistics: I have before me the financial report of the Province of Nova Scotia for the year ending March 31, 1958. Now, honourable senators, the total revenues of that province in 1958 amounted, in round figures, to $66,757,000. How were they made up? From three principal sources of revenue, the largest being the sum of $28,784,000, in round figures, which came to the province from the federal treasury as the result of the dominion-provincial tax agreement. The next largest was the approximate sum of $19 million, from motor vehicle and gasoline revenues. The third item, an amount in excess of $11 million, was profit from the sale of liquor. In other words, from those three sources of revenue the province received more than 88 per cent of its total revenue. Could anything, I ask you, indicate more clearly the plight in which that province finds itself than those figures which, I remind you, are not my figures but are the figures of the auditor of that province, accredited by independent auditors who annually make an audit of the accounts of the province.

What I said about Nova Scotia applies with equal force to New Brunswick, Prince Edward Island and Newfoundland. If, therefore, I appear to lay undue emphasis upon the proposal of the Leader of the Opposition in the

Senate that the Government of Canada take on an extra liability in connection with the Trans-Canada Highway, perhaps you will not think me remiss.

I listened the other day when the honourable Leader of the Government (Hon. Mr. Aseltine) referred with some pride—and, I say, understandable pride—to the fact that Saskatchewan had completed its portion of the Trans-Canada Highway. Now, I do not wish to make any reflection, but I merely point out this fact, that the little province of Nova Scotia had almost completed its vast network of highways; then, because of its desire to acquiesce with the dominion in the construction of the Trans-Canada Highway, it involved itself in further expenditures. As a matter of simple fact, we had to spend originally 50 per cent of the cost to extend the roads already built so as to have them conform with Trans-Canada Highway standards. In the province of Saskatchewan the network never did begin to compare with the highway system of Nova Scotia, and the benefits from Trans-Canada Highway expeditures in favour of the province of Saskatchewan as compared with those in favour of Nova Scotia, were such as to defy comparison.

This chamber has always been tolerant with its members who want to divert slightly from the matter at issue. So, I ask for the tolerance of the chamber tonight, to permit me to do that very thing. For example, I want to talk very briefly about the St. Lawrence Seaway. Originally I thought I might try to argue the right to do so on the thesis that the St. Lawrence Seaway is in effect a trans-continental highway of a sort. But I was afraid I would be trespassing on the credulity of members of this chamber, and I thought I would prefer to trade on their magnanimity.

I am a little surprised, honourable senators, to note that some of the western members of this chamber—having regard to the $335 million already spent on the St. Lawrence Seaway, and to the $30 million being spent to deepen the Welland Canal—have not advanced the hope that another canal should be built commencing at the head of the lakes and running across the Prairies, through and over the Rockies into the port of Vancouver. After all, we are passing dollars around as if they were so much confetti at a wedding. If we had this extended canal from the head of the lakes westward we would have what the writers have described so eloquently on many occasions as the "Prairie Schooner" operating in fact.

However, I do not propose to labour that point. I am an easterner and am not supposed to know too much about the problems of the west. But I do want to say that in late years, and in quite recent times, we have heard much talk about a Bill of Rights. Honourable senators, will you permit me to enunciate my own personal bill of rights in the political sense?

I am a Liberal; I was born into a Liberal family, and it is quite unlikely that I will be ever anything but a liberal.

Hon. Mr. Higgins: There is plently of time to repent.

Hon. Mr. Connolly (Halifax North): You will forgive the licence I take, this being the eve of St. Patrick's Day, but because I subscribe to the philosophy of Liberalism I have never been convinced that there is an aura of infallibility attaching itself to the action of every Liberal Government, any more than I believe a similar aura of infallibility attaches itself to any other Government.

Hon. Mr. Aseltine: I think you are off the highway.

Hon. Mr. Connolly (Halifax North): If I were compelled to make a choice, I would have to say that certainly the tinge of infallibility attaches itself more closely to the former than to the latter. But I shall not say that; I merely throw it out as sort of inherent thinking. What I really want to say is that I do not believe there is any perfection in any human society or organization, and I reserve unto myself the right to present in this or any other public assembly such views as I may have on any public action, no matter from what source that action emanates, and I shall continue to persevere in that right no matter what may be the opinion of those who surround me.

Having said that, may I say another word about the St. Lawrence Seaway? I do not think for one split second that I influenced many votes in the things that I had to say a week ago about the St. Lawrence Seaway bill. The mere fact that the bill went through in its entirety without the change of even a single preposition would delude me of any possible vanity I might have. But I did notice this—and I say it with all respect—that the senators from Quebec, although they were most gracious in their compliments, were not disturbed to the point where they were prevailed upon to vote against the seaway bill. It was perhaps a common sense opinion that they should say to themselves, "No doubt this is already a *fait accompli*, so why should we waste our time voting against it?"

Hon. Mr. Dupuis: The seaway will allow us to have distinguished visitors too.

Hon. Mr. Connolly (Halifax North): I accept that.

I read in a recent issue of the Montreal *Gazette* that the Port Council of Montreal held a meeting. That great newspaper deemed the meeting to be so important that it gave its report on it front page prominence. The heading stated:

New rate may hit harbour.

The report, which is more than a half column long, deals first with rank discrimination against the city in a new ocean rate tariff that prefers Toronto. It goes on to say:

The move, said the council, may eventually mean the loss of all United Kingdom through freight destined for Toronto and Hamilton, "that Montreal has enjoyed for the last 50 years or so".

So when I talk about the menace of the St. Lawrence Seaway to the eastern section of Canada, I am not parochial in the sense that I refer only to the Atlantic provinces, because obviously people who know the port business in Montreal are similarly concerned.

In that connection I have a proposal to make. This is nothing about discriminatory freight rates; in so far as the Maritimes are concerned, it is an old story.

Hon. Mr. Aseltine: Honourable senators, I think the honourable senator should confine himself to the bill before the house dealing with the Trans-Canada Highway, and not discuss the seaway.

Hon. Mr. Connolly (Halifax North): I will get back to the highway. I consider the St. Lawrence Seaway, if I may, to be a highway of sorts; althought it is not a highway on which automobile traffic flows, it certainly is a highway that will absorb ocean-going traffic and bring it into the heart of this country. I would ask honourable senators to bear with me in the premise I have submitted; however, I will cut short what I have to say.

Hon. Mr. Pouliot: The shipping may compete with the trucking.

Hon. Mr. Connolly (Halifax North): I believe there is a very real prospect that eventually Toronto will be the major port in Canada, the major terminus of that highway, the St. Lawrence Seaway. Now, if that is to be so, I want to make this proposal to the Senate and to the Government.

There is in being in this country a Government board known as the National Harbours Board. All the ports of eastern Canada are under the jurisdiction of this board, but not the port of Toronto. The ports under the jurisdiction of the National Harbours Board are unable to compete with one another, but the port of Toronto is left in a position where it can move when and as it likes in competition with all these other ports which are strangulated by the National Harbours Board Act. Now, if the National Harbours Board is a good thing, then I submit all the ports of Canada should be under its administration. If it is not a good thing, then I suggest that all the ports should be free, and the National Harbours Board should be disbanded.

Two further proposals, and I will have finished with the subject, after having thanked the chamber for its courtesy and magnanimity in allowing me to stray.

If the Government of the day, unlike, let me say, the Governments which preceded it, is willing and anxious to give autonomy to the Atlantic region of this country, and is willing to give that region an opportunity to improve its own economy, I make this suggestion. Let the Government of the day, as a Government of vision, release us from the tyranny of the Canadian fiscal policy by setting up a free-trade zone within the Atlantic region which will enable us at least to buy from people who will sell to us more cheaply, and so leave us more money for other purposes. Or, if that suggestion is not acceptable because, some will say, it is impracticable, may I argue that it is no more impracticable than so to arrange the tariffs of this country that two provinces benefit and eight suffer. My final proposal, and the last word I have to say, is that if these proposals are not acceptable, the Government of Canada should create an industrial fund of $100 million, to be administered by a federally-appointed board, sitting permanently at a central spot in the Atlantic region, whose duty it will be to utilize those moneys for the investigation and development of mercantile and manufacturing industry, so that we may have the opportunity to at least approach the present standards of the rest of the people of Canada.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Aseltine, bill referred to Standing Committee on Banking and Commerce.

INFLATION

MOTION TO INSTRUCT FINANCE COMMITTEE TO MAKE STUDY—DEBATE CONTINUED

The Senate resumed from Wednesday, March 11, the adjourned debate on the motion of Hon. Mr. Wall:

That the Standing Committee on Finance be instructed to study the threat of inflation in Canada;

That the committee have the authority to send for persons, papers and records, and to report from time to time.

Hon. John T. Haig: Honourable senators, I intend to speak for a few minutes and to

then adjourn the debate. I assume that at this hour of the evening it is about time to adjourn, anyway, and there will be lots of time tomorrow.

Hon. Ross Macdonald: May I make a suggestion? If the honourable senator does not intend to speak now, the honourable senator from Kennebec (Hon. Mr. Vaillancourt) is ready to continue the debate this evening, and the honourable senior senator from Winnipeg (Hon. Mr. Haig) can speak at a later sitting.

Hon. Mr. Haig: In that event, I should like to speak early at tomorrow's sitting. I thought this order would be the first on today's Order Paper, but apparently somebody shuffles the items around. When we adjourned it was understood that this would be the first subject to be dealt with. Tonight we found two items ahead of it and it has taken some time to deal with them. The situation is a little disappointing when one is prepared to speak on the subject. However, under the rules the leader can change the order of the items if he chooses to.

Hon. Mr. Aseltine: I moved at the last sitting that the two bills we have dealt with should have priority.

Hon. Mr. Haig: I will say quite candidly that I did not understand that these bills would have precedence over the present order. I was not here when the honourable leader made the motion.

Hon. Mr. Macdonald: I am sure that, if the honourable Leader of the Government would consent, the house would approve that the present item be placed first on the Order Paper for tomorrow.

Hon. Mr. Aseltine: I have no objection.

Hon. Mr. Haig: Somebody might object then to my speaking first.

Hon. Mr. Macdonald: We could agree that, if the honourable senior senator from Winnipeg does not speak now, this item will be the first on the Order Paper tomorrow, under his name.

Hon. Mr. Aseltine: I think that will be acceptable to all honourable senators.

Hon. Senators: Agreed.

Hon. Cyrille Vaillancourt: Honourable senators, tonight I shall speak in French and English, beginning in French.

(Translation):

Inflation is an insidious disease which develops somewhat like cancer: at first it causes no pain, but by the time it does, it has become incurable.

Several senators have discussed this subject and given striking examples of inflation. But we must try to find a solution for this problem. It is certainly not by blaming the causes of inflation on others that we will apply the necessary remedies. The disease of inflation is all the more dangerous because it attacks the people when it develops and because the people are annoyed when remedial measures are taken to reduce the disease or prevent it from making any headway. We found that out at the time of the last election. The disease is still with us, it has become more acute, and it is high time to take action unless we want to be faced with the kind of disaster we had in 1929.

In 1929, everything was going along beautifully: everybody was playing the market, stocks were going up and we all hoped to get rich quick. But the bubble burst and there was a general collapse. Today, all those who are associated with high finance or the different insurance companies, experienced economists whether they are called Cameron or Hutchison, or by any other name, even our economists in the house, are giving warning and telling us how worried they are, and that is exactly what happened in 1929.

I remember that in June 1929 I had gone to New York on business, to finance the sale of our maple products. It was then that I met an official of the Chase National Bank. After having settled my own affairs, I asked him: "You who are a great financier, are you not worried about present conditions? What makes me uneasy is that in our Quebec *caisses populaires* there seems to be something unusual. I can't put my finger on it, but our people seem restless and are beginning to take out their deposits. How about your people?" And this expert replied: "In my opinion we are suffering from extraordinary inflation; in a short while we will be in the midst of a terrible depression and I am advising our people to stop speculating."

Back in Quebec, a man came to ask my advice about a financial scheme. I repeated to him the words of this expert and advised him to wait a year before launching into such a business, in the hope that things might have cleared by then. He followed my advice. And the depression came with all its dire results and consequences.

We must endeavour by all the means at our disposal to prevent such a calamity. The people who have it in for us, beyond the iron curtain, are counting on this economic crisis. They are saying to one another that there is no need to use shells or atomic bombs because the depression will do the work for them. Let us be more vigilant, in order to foresee and prevent such a crisis.

Someone said to me last week: you are talking about inflation but it seems to me that we are better off with inflation than deflation. I replied by finding fault with his argument: "If you are bitten by a dog, does it really matter if it was a male or a female dog?" That is no way to reason. We must try to find a way of avoiding both extremes, in order to arrive at an economic, reasonable way of life and to ensure prosperity and well being.

It was the president of the Bank of Montreal, Mr. G. R. Ball, who said in his year-end report: "Inflation is everybody's business", which made me write in an article: "It is everybody's business; therefore it is nobody's business, for when a problem is everyone's concern you rarely find anyone who will attempt to correct what is wrong because everyone is always counting on the other fellow." In such a case, there is only one solution left. The state must take over the problem and apply the necessary remedies. That is unpleasant, especially under a democracy, because the people have no use for remedies requiring any sacrifices or any discipline.

In England the Government had enough courage to take strong measures even though they caused discontent among the citizens. What will happen at the next elections in England? Whatever happens, one thing is certain: England is recovering, its finances are sounder and she can look to the future with more confidence than a few years ago.

France is faced with the same dilemma, and the French Government is presently taking strong measures. In some places it is hurting badly. But even so, I think these measures will continue to be applied. We have cause to rejoice and be confident because according to a report received last week French economy is recovering and on the way to stability.

Inflation is a generalized ailment which affects the whole nation because inflation depreciates our currency, undermines its value, reduces the purchasing power of the consumer and, at the same time, discourages and hampers saving. When a country stops saving, nothing can survive for very long because it is savings that make up capital and allow the industry and economy of a nation to develop. When people lose confidence in their currency they lose confidence in savings and the next step is disaster.

It is useless to say now: let us prevent inflation. We are in the midst of inflation. But we must prevent it from running away and at the same time try to reduce it. A few weeks ago the railway freight rates increased by 17 per cent. The whole country was affected. The price of every possible kind of goods immediately went up. Let us take, for instance, the case of the eastern farmers in the Maritime provinces, where the railway boost represents an increase of $2 a ton on shipments of wheat. That means that beef, pork, eggs, etc., will sell for more. In other words, this is a first step toward an increased cost of living. The railways have asked for another increase in rates. They alleged increased wages. It is a vicious circle. The workers want more money because the cost of living has increased and, as the salaries increase, the price of goods increases. There is no end to it and our currency loses its value because higher prices have left our production unchanged. Goods sell for more but are not manufactured in greater quantities.

Inflation is harmful for Canada because we are an exporting country, especially of raw material. The price we ask for goods will be so high, compared with the price of the same goods in other countries, that we will no longer be able to export them. We have the figures to support this argument. These last few months we have seen our exports decreasing. If it goes on it will be very serious. We will have to meet increasing competition from Russia, China and other countries behind the iron curtain and even elsewhere—from Japan, for instance, where the people work ten hours a day at much lower salaries than here.

Here is a table based on various statistical documents published by the Dominion Bureau of Statistics and compiled by our statistician, Mr. Charron. These figures, which I will not inflict upon you but which I would like to see published, deal with national production, personal income, personal savings, consumers' indebtedness and the price index in Canada. They are arranged in such a way as to facilitate an analysis of Canada's economic position over the last twenty years.

Year	Population	National product (estimated at market price)	Available personal revenue	Personal savings	Consumers' price index	Consumers' indebtedness
1938.....	11,152,000	$5,233,000,000.	$3,975,000,000.	$ 160,000,000.	63.7	$ 379,000,000.
1939.....	11,267,000	5,707,000,000.	4,208,000,000.	304,000,000.	63.2	373,000,000.
1940.....	11,381,000	6,872,000,000.	4,808,000,000.	409,000,000.	65.7	406,000,000.
1941.....	11,507,000	8,157,000,000.	5,600,000,000.	547,000,000.	69.6	381,000,000.
1942.....	11,694,000	10,539,000,000.	6,980,000,000.	1,466,000,000.	72.9	273,000,000.
1943.....	11,795,000	11,183,000,000.	7,478,000,000.	1,751,000,000.	74.2	230,000,000.
1944.....	11,946,000	11,954,000,000.	8,164,000,000.	1,977,000,000.	74.6	247,000,000.
1945.....	12,072,000	11,850,000,000.	8,430,000,000.	1,619,000,000.	75.0	297,000,000.
1946.....	12,292,000	12,026,000,000.	8,965,000,000.	988,000,000.	77.5	211,000,000.
1947.....	12,551,000	13,768,000,000.	9,599,000,000.	426,000,000.	84.8	628,000,000.
1948.....	12,823,000	15,613,000,000.	11,121,000,000.	1,009,000,000.	97.0	669,000,000.
1949.....	13,447,000	16,462,000,000.	11,968,000,000.	1,005,000,000.	100.0	807,000,000.
1950.....	13,712,000	18,203,000,000.	12,674,000,000.	645,000,000.	102.5	1,034,000,000.
1951.....	14,009,000	21,474,000,000.	14,663,000,000.	1,390,000,000.	113.7	973,000,000.
1952.....	14,459,000	23,255,000,000.	15,891,000,000.	1,525,000,000.	116.5	1,385,000,000.
1953.....	14,845,000	24,473,000,000.	16,700,000,000.	1,588,000,000.	115.5	1,710,000,000.
1954.....	15,287,000	24,336,000,000.	16,772,000,000.	891,000,000.	116.2	1,843,000,000.
1955.....	15,698,081	26,916,000,000.	18,210,000,000.	1,071,000,000.	116.4	2,186,000,000.
1956.....	16,081,000	29,866,000,000.	19,986,000,000.	1,430,000,000.	118.1	2,477,000,000.
1957.....	16,500,000	30,182,000,000.	20,182,000,000.	1,514,000,000.	121.9	2,600,000,000.
1958 (Aug.)	.....	31,443,000,000.	21,235,000,000.	1,467,000,000.	126.0	.....

I said that inflation devalues the dollar. Here are some figures prepared by the National Industrial Conference Board which show the extent to which the workers' salaries should have gone up (after deduction of taxes) in the last twenty years to offset the loss of purchasing power resulting from price increases:

Income, 1939	Income, 1958 for equal purchasing power
$ 3,000	$ 6,457
5,000	11,140
10,000	23,568
25,000	69,991

The above figures show that those who, in 1939, were receiving $3,000 (after deduction of taxes) were just as well off as they would be today with an available personal income of $6,457. However, the average worker's salary is far from reaching $6,457. It is a well-known fact that the average worker's salary ranges from $70 to $72 per week, or $3,640 to $3,744 per year.

Hon. Mr. Monette: Will the honourable senator allow me a question? Do rising salaries increase production?

Hon. Mr. Vaillancourt: No, that is the trouble.

Hon. Mr. Monette: It is uncontrolled inflation.

Hon. Mr. Vaillancourt: Quite right. It is necessary to impress upon the people that each and everyone is directly concerned and threatened, and that each must man his own defences.

(Text):

We have voted an amount of $250 million at the disposal of the Central Mortgage and Housing Corporation. Owing to inflation, this $250 million is worth only $225 million now, compared with two years ago. In our province we have endeavoured to ward off this inflationary trend to a certain extent by organizing housing co-operatives. For instance, at Lévis, a house which two years ago cost $10,900 to build would cost today $13,000 with the same materials. The price of the land is still the same as two years ago, and the rate of interest has increased by only one-half of one per cent, which amounts to $5 on a $1,000 loan. But wages and costs of building materials have increased, while, on the other hand, the number of working hours has decreased. Once more, we are experiencing a vicious circle. Those who have set aside $2,000 to build a house in the spring can no longer do so, because their savings have decreased owing to the rise in prices. Some housing co-operatives have endeavoured to get around this difficulty by asking everyone to supply some working hours to compensate for this loss. For instance, in a certain co-operative, a person who intends to build a house must furnish 500 working hours; in another, 800 hours. Because of co-operation, which permits the building of several houses at the same time, costs can be reduced by digging several cellars at once with the same machinery, which does not have to be moved to the spot every time it is required for excavation purposes. Windows and doors are mass-produced. The houses,

however, are not uniform: changes are effected in the lay-out of openings, partitions, and so on. The members of the co-operative supply labour; some assist bricklayers, others mix cement, etc. They learn to perform work they have never done before, they realize the value of thrift, they learn how to solve their problems. Those who have helped to build their own houses take great care of them; they like them all the more on account of the personal work they have put into them.

Such a system exists in Quebec, in the Maritimes and in a few other provinces. However, it can not be applied everywhere, because in some districts the required capital is not available. In Quebec this capital is made available through our *caisses populaires*, thus proving the importance and beneficence of this co-operative movement. I beg the Government to protect these savings organizations. To use the picturesque words of one of my friends, since the *caisses populaires* were created, 58 years ago, they have brought up chickens, which have become hens and laid eggs. The financial institutions which envy us do not do the same. That is one way of reducing or overcoming inflation.

Inflation does not consist merely in the ever-increasing cost of goods and services; it also stems from the fact that everyone wishes to accumulate the greatest possible volume of profits. Funds which are already invested in safe securities bearing a reasonable interest are used for speculative purposes. Would it not be desirable to set a ceiling on such speculation, particularly on excessive increase of profits? It seems reasonable that an interest rate of 6 to 8 per cent be paid on capital invested in any enterprise. But some seek profits ranging between 20 and 25 per cent. In my opinion, all this seems to be inflation.

It may be a delicate matter to cite an example taken from a neighbour, but I may be allowed to mention what happened some time ago when several billion dollars' worth of bonds matured in the United States. The bonds were renewed because the Government of that country did not have the money to redeem them. The holders of those securities were asked to exchange them for new bonds, with different dates of maturity and bearing a higher rate of interest. Do you know that more than two billion dollars worth of such bonds were not exchanged, because the holders thereof requested to be paid in cash? Will this money be invested in speculative securities? I do not know.

I would point out also that people whose only income is a pension are experiencing hardships due to inflation. The other day the Leader of the Opposition (Hon. Mr. Macdonald) gave an instance of what is happening in France. In Canada, for the people who bought insurance policies some 20 or 25 years ago, in order that they might retire now at the age of 65, with a monthly income of, let us say, $100, what is the $100 worth today? People who buy these insurance policies will tend to lose faith in them, because the real value of their pension will greatly decrease if the value of our money continues to be destroyed through inflation. That is why, in a recent speech, the president of a large life insurance firm expressed his fears and appealed to the good will of governments and citizens alike to check inflation. One cannot normally live above his means. He who spends more than he earns will be bankrupt some day or other. There is no alternative. Only some spectulators can benefit from inflation, which is a source of injustice, since it is detrimental to those who lead a moderate and industrious life and save for the future.

It is hard to apply the necessary remedial measures, particularly in a democratic country, but if the nation is to be saved such measures must be applied. The examples I have just cited are based on facts, and those who remember the 1929 crisis know what will happen if we do not control inflation.

A few weeks ago I read a study on inflation and devaluation written by an economist shortly after the Civil War, when the cost of living was very high in the United States. He wrote:

> Before the war one left with money in his pockets and returned home with a large basket full of supplies.
>
> Today, one leaves with a large basket full of money and returns with supplies in his pockets.

The same thing will happen here if we do not solve this problem.

That is why I am convinced that not only will the proposed study of inflation by the Senate Standing Committee on Finance be useful but that it is necessary and indispensable if we wish to find a solution to this problem. The committee will not conduct its inquiry in a partisan way; it will endeavour to assist the Government in bringing about measures to check inflation.

A few months ago William McC. Martin, Jr., Chairman of the Board of Governors of the United States Federal Reserve System, stated in an address delivered at Chicago that the fight against inflation has now reached a crucial stage, that a set-back in the American economy would also have serious consequences on the whole economy of the free world, and that the Federal Reserve System would spare no efforts to safeguard the value of the American currency.

Several of our colleagues say that the proposed study of inflation would not have any effective results, but that it would probably create difficulties, a psychosis of the fear of inflation. It reminds me of the argument about sick people: we cannot tell them they are sick because if we do so it will cause them to seek medical care, and they will be frightened to such an extent that it would be preferable for them to die. Such an argument does not convince me. I always believed that we must inform sick people of their state of health; we must tell them that they can be cured on condition they have medical care, otherwise their condition will become worse and worse.

But responsibility for inflation must not be imputed to one factor only. For example, when we are told that an increase in wages does not contribute to an increase of prices, I cannot understand that argument. Statistics published for the last ten years show that the wages of workmen have increased in a greater proportion than the returns on corporation bonds.

There is now a tendency to automation in order to reduce labour costs and at the same time obtain with machinery faster production than by labour, and arrive finally at a lower cost of production.

In the latest report of the Bank of Canada Mr. Coyne said that it was not necessary to have inflation to increase employment; on the contrary, inflation, he said, causes more unemployment. He added that it is certainly possible to find means to assure a sound economic expansion and to guard against depreciation of the dollar.

In the same report it is said that in Canada personal savings deposits in the chartered banks increased, in 1958, by $736 million to an unprecedented summit of $6,844 million. It is to be pointed out that in spite of this increase of personal savings deposits in the banks, loans to corporations have been reduced by hundreds of millions dollars.

These are abnormal conditions that need to be corrected. In studying the problems it will be possible to arrive at a solution of same.

I would like to quote here what President Eisenhower said, two weeks ago, in a speech to the United States Savings Bond Conference:

> Inflation weakens the economy. It brings serious hardships to those of our citizens who are living on pensions or other fixed incomes, and works against those who are unable to bargain effectively for higher wages. Most dangerous of all, inflation weakens the incentive to save. It gives rise to a fear that the dollar will continue to decline in value and that speculation will be the only way to keep ahead of the game.

Commenting on these remarks, Mr. David Lawrence, an eminent American journalist, said:

> What is the answer? It is to be found in one word, self-restraint. Business must restrain itself on prices. Labor must restrain itself on wages. The spenders in Congress must restrain themselves on appropriations for "social welfare". Steady growth and a stable dollar are certain to result from such restraint. But what must be borne in mind above all else is that profits derived from private business are necessary to support the Government. We must never "kill the goose that lays the golden egg!"

(Translation):

It is the grave problem with which we are faced today. Let us protect our dollar, for communist countries would be too happy if they saw our currency lose all its purchasing power, which would bring on an acute economic crisis and would paralyze things generally. The very future of our nation depends on the solution to this problem. Let us rise above petty politics, in order to protect our people; let us forget our own interests for the well-being of the country at large.

(Text):

On the motion of Hon. Mr. Aseltine, for Hon. Mr. Haig, debate adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, March 17, 1959

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

Prayers.

DEATH OF SECRETARY OF STATE FOR EXTERNAL AFFAIRS

Hon. W. M. Aseltine: Honourable senators, I have a very sad announcement to make. We have just learned of the sudden death of a very prominent minister in the other house, the Honourable Sidney Earle Smith, Secretary of State for External Affairs. I understand that that house has adjourned until tomorrow; and with the consent of the Senate I would move, seconded by the honourable Leader of the Opposition (Hon. Mr. Macdonald), that the Senate also do adjourn until tomorrow.

Hon. W. Ross Macdonald: Honourable senators, I am sure we are all deeply shocked, as the people of Canada will be, by the sudden passing of the Honourable Sidney Earle Smith, Secretary of State for External Affairs. During the short time that he was in Parliament he had a very strenuous time. He served his country well, and we all regret that it was not possible for him to give longer service. The Honourable Sidney Smith had been President of the University of Toronto, and those of us who graduated from that university probably feel his loss more keenly than do those who come from other parts of Canada. I quite agree with the honourable Leader of the Government (Hon. Mr. Aseltine) that we cannot do less by way of tribute to the memory of the late minister than to adjourn our deliberations until tomorrow.

On the motion to adjourn:

The Hon. the Speaker: Honourable senators, before we adjourn may I suggest we stand for 30 seconds in silent prayer for the soul of the Honourable Sidney Smith.

Honourable senators thereupon rose and stood in silence.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, March 18, 1959

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

Prayers.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following documents.

Report on the operations of the Royal Canadian Mint for the year ended December 31, 1958, pursuant to section 21, Chapter 315, R.S. 1952. (English text).

The Canada Gazette, Part II, Statutory Orders and Regulations, 1959, Wednesday, March 11, 1959, pursuant to section 7 of the Regulations Act, Chapter 235, R.S. 1952. (English and French texts).

R.C.M.P. DOCUMENTS REQUESTED

Hon. W. Ross Macdonald: Honourable senators, at Monday's sitting I asked the honourable Leader of the Government (Hon. Mr. Aseltine) if he would be kind enough to table copies of correspondence between the Commissioner of the Royal Canadian Mounted Police and the Minister of Justice, and also a copy of the Newfoundland-Canada police contract. Has the honourable leader been able to get those documents yet?

Hon. Mr. Aseltine: Honourable senators, just before I came into the chamber I received a large envelope. I understand, though I did not have time to examine the contents, that it contains the correspondence the honourable Leader of the Opposition has mentioned. The contracts have not been made available to me yet, but I have an assurance that they will be just as soon as possible.

Hon. Mr. Macdonald: Thank you.

PRIVATE BILLS

EXPORT FINANCE CORPORATION OF CANADA—FIRST READING

Hon. William R. Brunt presented Bill S-17, to incorporate Export Finance Corporation of Canada.

Bill read first time.

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

Hon. Mr. Brunt: Honourable senators, the rules provide that two sitting days must elapse between the first and second readings of a bill. If this house sits on Friday next, I would like the bill to receive second reading then. If not, second reading could be given at our first sitting next week.

Hon. Mr. Macdonald: Perhaps we could have a short explanation of the bill now.

Hon. Mr. Brunt: Honourable senators, very briefly, this bill proposes to set up a company which will extend credit to persons and corporations in Canada engaged in the matter of exporting goods. The primary purpose of the bill is to assist the export trade of Canada.

Hon. Mr. Pratt: May I ask the honourable senator if this is a Government bill?

Hon. Mr. Brunt: No, it is a private bill.

Honourable senators, I move that this bill be set down for second reading on Friday next.

Motion agreed to.

CO-OPERATIVE FIRE AND CASUALTY COMPANY —REPORT OF COMMITTEE

Hon. John A. McDonald, Acting Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill S-15.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (S-15) intituled: "An Act respecting Co-operative Fire and Casualty Company", have in obedience to the order of reference of March 12, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

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

Motion agreed to and bill read third time and passed.

TRANS-CANADA HIGHWAY BILL

REPORT OF COMMITTEE

Hon. John J. Connolly (Ottawa West), for Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill C-29.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-29) intituled: "An Act to amend the Trans-Canada Highway Act", have in obedience to the order of reference of March 16, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon. Mr. Aseltine: Honourable senators with leave of the Senate, I move the third reading now.

Hon. Mr. Macdonald: Next sitting.

Hon. Mr. Aseltine: Next sitting.

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Mr. Connolly (Ottawa West), for Hon. Mr. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented a further report of the committee on Bill C-29.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-29) intituled: "An Act to amend the Trans-Canada Highway Act", report as follows:

Your committee recommend that they be authorized to print 600 copies in English and 200 copies in French of the proceedings on the said bill.

The Hon. the Speaker: Honourable senators, when shall this report be concurred in?

Hon. Mr. Connolly (Ottawa West): With leave, I move that the report be adopted now.

Motion agreed to.

FISHERIES IMPROVEMENT LOANS BILL

REPORT OF COMMITTEE

Hon. Mr. Connolly (Ottawa West), for Hon. Mr. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill C-30.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-30) intituled: "An Act to amend the Fisheries Improvement Loans Act", have in obedience to the order of reference of March 12, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. Macdonald: Next sitting.

Hon. Mr. Higgins: Honourable senators, with leave, I move the third reading now.

Motion agreed to and bill read third time and passed.

PUBLIC SERVANTS INVENTIONS BILL

REPORT OF COMMITTEE

Hon. Mr. Connolly (Ottawa West), for Hon. Mr. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill C-33.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-33) intituled: "An Act to amend the Public Servants Inventions Act", have in obedience to the order of reference of March 16, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon. Mr. Brunt: Honourable senators, with leave of the Senate I would move that this bill be now read the third time. I do so because of the fact that, owing to the sad event which occurred yesterday, we lost a full day in the house.

Hon. Mr. Macdonald: Honourable senators, as I have not had an opportunity of perusing the evidence I should like to have the bill stand for third reading until tomorrow.

The Hon. the Speaker: Stand.

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Mr. Connolly (Ottawa West), for Hon. Mr. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented a further report on Bill C-33.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-33) intituled "An Act to amend the Public Servants Inventions Act", report as follows:

Your committe recommend that they be authorized to print 600 copies in English and 200 copies in French of their proceedings on the said bill.

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

Hon. Mr. Connolly (Ottawa West): With leave, I move that the report be adopted now.

Motion agreed to.

NORTHWEST TERRITORIES BILL

REPORT OF COMMITTEE

Hon. Mr. Connolly (Ottawa West), for Hon. Mr. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill C-26, to amend the Northwest Territories Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-26) intituled: "An Act to amend the Northwest Territories Act", have in obedience to the order of reference of March 9, 1959, examined the said bill and now report the same with the following amendments:

1. Page 1: after line 14 insert the following:
"(4) Writs for the election of elected members of the Council shall be issued on the instructions of the Commissioner."

2. Page 2: strike out lines 3 to 7 both inclusive and substitute the following therefor:

"42. (1) No intoxicant shall be manufactured, compounded or made in the Territories except by permission of the Commissioner, and no intoxicant shall be imported or brought into the Territories from any place outside the Territories, whether it is in Canada or elsewhere, except by permission of the Commissioner or a person authorized by him."

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

Hon. Mr. Connolly (Ottawa West): With leave of the Senate, I move that they be concurred in now. It might be appropriate to say a word of explanation.

As to the first amendment, perhaps honourable senators will recall that when the honourable Leader of the Government (Hon. Mr. Aseltine) was explaining the measure here a question was raised as to whether there was a legal connection between the provisions of the Northwest Territories Act and the Canada Elections Act. The committee considered that problem. It felt there was a gap in the law in that there was no statutory provision for the calling of a by-election. After consulting with the law officers of the Crown and hearing the minister—who, I may add, had the same misgivings about it when the legislation was placed before him prior to its being introduced in Parliament—the committee made this amendment No. 1. I think I can say it was the unanimous view of the committee that the amendment should be made. I should also mention that the committee appointed a special subcommittee to study the matter, and the subcommittee recommended the amendment.

The second amendment to the bill deals with importation of alcoholic beverages into the Territories. As originally drafted, the intention of the amendment was to provide that a person authorized by the Commissioner, as well as the Commissioner himself, could grant permission for importation of liquor into the Territories. It was felt that it should not be necessary to apply to the Commissioner each time it was desired to import even one bottle of liquor. That seemed to be a sensible proposal, in view of the fact that presumably some of the people going into the Territories would require this kind of stimulant. However, the amendment as drafted provided that the person so authorized by the Commissioner would also be in a position to authorize the manufacturing or compounding of alcoholic beverages within the Territories. This was not the intention of the amendment, of the department or minister. Therefore, the section was redrafted to make that clear.

AMENDMENTS CONCURRED IN

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

Hon. Mr. Connolly (Ottawa West): Honourable senators, I would move that these amendments be concurred in now. If that is agreeable, the bill might well be given the royal assent before the Easter recess.

Motion agreed to.

THIRD READING

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

Hon. Mr. Aseltine: In view of the fact that these amendments will have to be considered in the other house, I would move that the bill be read the third time now.

Motion agreed to and bill, as amended, read third time and passed.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 156 to 166.

He said: Honourable senators, with leave, I move that the reports be adopted now.

Hon. Mr. Aseltine: Agreed.

Motion agreed to.

CIVIL SERVICE

SALARIES—INQUIRY AND ANSWER

Hon. Jean-François Pouliot inquired of the Government, pursuant to notice:

How many grades, classes, or classifications of salaries were there in the Civil Service of Canada each year from 1908 to 1918 inclusive?

Hon. W. M. Aseltine: Honourable senators, the following answer to the honourable gentleman's inquiry has been received from the Civil Service Commission:

Prior to 1918, no document existed which was comparable to the Directory of Classification now maintained by the Civil Service Commission. There is, therefore, no official list of classes available for the years 1908 to 1918.

While the Civil Service Act at that time provided for the classification of the Inside and Outside Services into broad categories with respect to responsibilities and salaries, a great many class titles were in use throughout the service. Some indication of the large number and variety of titles may be obtained by an examination of the "Civil Service List of Employees" published annually from 1908 to 1918. These lists may be obtained in the Parliamentary Library in the Sessional Papers.

PORTRAITS OF PRIME MINISTERS —COMMONS COLLECTION

NOTICE OF INQUIRY WITHDRAWN

On the notice of inquiry by Hon. Mr. Pouliot:

Referring to the collection of paintings of former Prime Ministers of Canada since Confederation, which is in the House of Commons,

1. Is it complete?
2. If not, who is missing?

Hon. Jean-François Pouliot: Honourable senators, with leave, I will withdraw this inquiry. It has been answered personally.

EUROPEAN COMMON MARKET

DEBATE POSTPONED

On the notice by Hon. Mr. Connolly (Ottawa West):

That he will draw to the attention of the Senate the importance of the European Economic Community, known as the Common Market, to the export trade of Canada.

Hon. Mr. Connolly (Ottawa West): Honourable senators, I would ask whether the house would be agreable to allowing this order to stand until later this day.

Hon. Senators: Agreed.

The Hon. the Speaker: The order stands.

CANADA COUNCIL

REPORT REFERRED TO FINANCE COMMITTEE

Hon. W. M. Aseltine moved, pursuant to notice:

That the report of the Canada Council for the year ended March 31, 1958, laid before the house on July 15, 1958, and the Auditor General's Report of the Balance Sheet for the Canada Council, as at March 31, 1958, laid before the house on August 20, 1958, be referred to the Standing Committee on Finance, in order to provide a review thereof pursuant to section 23 of the Canada Council Act.

He said: Honourable senators, I would like to give a brief explanation of this motion. Section 22 of the Canada Council Act, chapter 3 of the statutes of 1956-57, has to do with the auditing of the accounts and financial transactions of the Council. The section reads:

The accounts and financial transactions of the council shall be audited annually by the Auditor General, and a report of the audit shall be made to the council and to the member of the Queen's Privy Council for Canada designated under section 23.

Section 23 requires that an annual report on the activities of the Council be made to Parliament, which includes this chamber, of course. Section 23 reads:

The chairman of the council shall, within three months after the termination of each fiscal year, submit to the member of the Queen's Privy Council for Canada designated by the Governor in Council for the purpose a report of all proceedings under this act for that fiscal year, including the financial statements of the council, and the Auditor General's report thereon, and the member so designated shall cause such reports to be laid before Parliament within fifteen days after the receipt thereof or, if Parliament is not then sitting, on any of the first fifteen days next thereafter that Parliament is sitting and provision shall be made for a review thereof by Parliament.

Honourable senators, the purpose of the motion is that the reports which have been submitted to us in compliance with this section shall be referred to the Standing Committee on Finance.

Hon. W. Ross Macdonald: Honourable senators, money bills which come to this house from the other place are referred to the Banking and Commerce committee. However, this is a report, not a piece of legislation, and I think it would be appropriate to refer it to the Standing Committee on Finance.

Motion agreed to.

THE LATE SECRETARY OF STATE FOR EXTERNAL AFFAIRS

ANNOUNCEMENT OF STATE FUNERAL

Hon. W. M. Aseltine: Honourable senators, before the Orders of the Day are proceeded with, I wish to make an important announcement. I have just received information, which I had been trying to obtain all day, with respect to the funeral of the late Secretary of State for External Affairs, the Honourable Sidney Earle Smith. As honourable senators are aware, yesterday the Senate adjourned until today. We paid a brief tribute to his memory by so doing, and by some remarks that were made by the Leader of the Opposition (Hon. Mr. Macdonald) and by myself. There will be a state funeral at 4 p.m. tomorrow in Chalmers United church. I hope that as many honourable senators as possible will attend.

A question now arises as to the advisability of this house sitting tomorrow afternoon. In view of the fact that the other house will adjourn until 8 o'clock tomorrow evening, I will move later on, or now if it is agreeable to honourable senators, that when the Senate adjourns today it stand adjourned until 8 o'clock tomorrow evening.

Hon. W. Ross Macdonald: Honourable senators, I second the motion.

Motion agreed to.

INFLATION

MOTION TO AUTHORIZE FINANCE COMMITTEE TO MAKE STUDY—DEBATE CONTINUED

The Senate resumed from Tuesday, March 16, the adjourned debate on the motion of Hon. Mr. Wall:

That the Standing Committee on Finance be instructed to study the threat of inflation in Canada;

That the committee have the authority to send for persons, papers and records, and to report from time to time.

Hon. John T. Haig: Honourable senators, I hope I shall not delay the house too long. This motion has been on the Order Paper for some time. I am partly to blame, because a short time ago I adjourned the debate and was not quite well enough to speak when the order to resume the debate was called. Other delays occurred as well.

I do not intend to take up any great time of the house in discussing this issue, but there are a few remarks I wish to make.

First, I am sorry that the honourable senator from Churchill (Hon. Mr. Crerar) is not present, as I should have liked to settle with him the question of the cost of living, the details on which I have before me now. However, I will put them on record.

Hon. Mr. Macdonald: May I say that the honourable senator from Churchill (Hon. Mr. Crerar) has a very heavy cold. That is the only reason why he is not here.

Hon. Mr. Haig: I presumed so. I am not a bit uneasy because he is away. I am sure that he likes to be present at all sittings, and that he enjoys a fight as much as anybody I know.

Hon. Mr. Macdonald: Like yourself.

Hon. Mr. Haig: I am genuinely sorry that he is not here. I think we have known each other longer than any other two senators have known each other. In fact, I cannot remember when I didn't know him, nor can I remember when he didn't know me.

Honourable members, I want to say that I think it was a mistake—and I say this with all respect to the junior senator from Winnipeg (Hon. Mr. Wall)—to have a motion of this kind debated in the house, since he is himself a member of the Finance Committee. In the past the practice has always been that when such matters come up by way of motion before the committee, if any member wants any matter discussed the request has never been turned down; at least, though I have attended practically all sittings of the committee, I have yet to see such a request turned down. However, I recall that a year or two year ago, when the National Housing Bill came to this house, the honourable Leader of the Government of that day agreed that all questions regarding the bill should go to committee, but a special resolution was not made referring it to committee.

Members of this house will remember that some years ago we were puzzled as to how to deal with the estimates which came from the House of Commons, usually so late in the session that we had not time to study them item by item, and therefore were not in a position to give them adequate attention. I believe it was the late Senator King, from Vancouver, who, when he was Leader of the Government in the Senate first proposed the idea of referring the estimates to the Standing Committee on Finance. The idea was adopted unanimously and has been carried out ever since. The honourable senator from Churchill was chairman of the committee for several years, and the committee did a great work. He was succeeded by the late Senator Hawkins, under whose chairmanship the committee studied the whole question of housing and made an outstanding contribution, not only to this house but to the people of Canada.

Honourable senators, I cannot understand why the question of inflation should have to come before this house by way of this motion. It is not to be compared with a motion to refer the estimates to the Finance Committee. On the question of inflation, my honourable leader (Hon. Mr. Aseltine) said to me recently that we have had inflation almost since the beginning of the world. Well, I can't go back as far as he can, but as far back as my memory goes, we have had inflation, I admit that.

In this debate there has been some discussion of the cost of living. I admire the ingenuity of the honourable member from Toronto-Trinity (Hon. Mr. Roebuck) in trying to make the point that labour has had nothing to do with increases in the prices of goods. The public seems to think that everything enters into inflation—the cost of labour, interest on borrowed money, the cost of raw materials, transportation charges, and price increases put into effect by some manufacturers for the pure delight of making more money out of their products.

I say quite candidly to you, I have never met anybody who could tell me what is the fundamental cause of inflation. To my mind the fundamental cause appears to be the general demand for a higher standard of living. If that is so, the question arises, who is going to pay for that higher standard? Well, sometimes the fellow who ought to pay for it gets away without paying it.

I am a lawyer, but let me say to my legal friends on both sides of the house that I am not in their class; I am not one of the great lawyers of Canada, but just an ordinary lawyer whom the people know, a lawyer who draws up their wills and settles their family disputes, who runs for Parliament and always gets elected because the people like him. As a lawyer I am reminded that we used to charge $3 for drawing a partial discharge of a mortgage, and the client paid $1 for registering it in the registry office. Well, a few years ago I was sitting in my office

one day when a fellow entered and said to me, "I am paying off that mortgage I owe to Mr. Brown, whom you are acting for, and I paid the bookkeeper $2 for registration and $5 for drawing up the discharge." Then he started in to tell me: "Because you are now a senator you are charging higher fees than you did before. You had better get that senator business out of your head, remember that you are an ordinary lawyer, and get back down to earth." Of course, I explained that the Government of Manitoba had raised the registration charge to $2 and that all the lawyers of Manitoba had held a meeting and recommended that the fee for drawing a discharge be raised to $5, and that the judges had accepted the recommendation. I told him that another factor was the cost of living, which was going up. I tried to explain how that came about. I told him that the rent of my office, which in 1929 was $103 a month, had gone up in 1950 to $360 per month; that the ordinary stenographers in my office used to be paid $75 a month and the crackerjacks $100, but their salaries had risen respectively to $200 and $230. On top of that, it must be remembered that in those days they worked five and a half days a week, and this had been reduced to five days a week, out of which they took 20 minutes off every morning and afternoon to go for a drink of water. Some say it is coffee, but I doubt that. Well, my client went away saying that sure enough the cost of living was going up.

That kind of thing is true all across the country. I am wearing a pair of boots such as I used to buy for $12 a pair. One day I went into the boot store that I had gone to for years and told the clerk that I wanted a pair of the same old kind of boots. "Well, Mr. Haig," he said, "the price has gone up a little". I asked why. He said, "I don't know why, but they are now $24 a pair." I said, "Whupper, whupper!"

Now, it goes further than that. We ourselves are keeping pace with the cost of living. At one time we were paid an indemnity of $4,000 a year, and now we get $10,000. That causes some inflation. Every time salaries and wages, are boosted, a little more inflation takes place, and as long as that condition persists we are not going to be able to sell our goods on the world markets. For instance, we have to compete with Russia in selling goods on the world markets, and Russia has not got the problem of rising wages; neither has China, nor Germany, nor Japan. That problem is very much with us in Canada and with the United States too. And remember, Russia knows what we are facing and that is why she is challenging us on the commercial front. She says to every man and woman working in the factories of Russia that they must work for what they are paid or be banished to Siberia.

I read that the Chamber of Commerce in Toronto suggested that the Government should cut taxes, or maybe it was to increase taxation—I don't know which it was. Well, they are the only people in Canada who ever suggested increasing taxation, but I know a lot of people are suggesting that we should spend more money. My opinion is that we are spending enough, but there are many people right here in this house who urge increased spending.

I believe that the people of Canada do not realize that we are in a world struggle, and that one of the issues in the struggle is our capacity to sell our goods in the world market. If we cannot meet competition, ultimately our people are going to be unemployed.

Let me tell you a story. In the last bad times that we had, a man walking down Portage Avenue in Winipeg broke a store window, picked up two loaves of bread and started toward his home. In the Legislature somebody suggested that that man should have been arrested for stealing. I urged that we should get the facts of the case. We did, and here they are: the man had a wife and six children at home and he was unemployed. Somebody may ask what I would have done. Well, I would have smashed two windows to get food for my children. I think he was right.

At the present time we are trying to give the unemployed money to live on, but we can stand that for only so long. Our national debt will increase to the point where we will not be able to manufacture goods economically. Even now the Government takes 50 per cent of a company's profit and the company is left with the balance to carry on its competition with Russia and other countries. Remember that in Russia the company gets 100 per cent profit—it all goes to the factory.

Since I came into this house the income tax on corporations has gone up to 47 per cent—say 50 per cent, in round figures. To show you how that works out, let me give you an illustration. The Hudson Bay Mining and Smelting Company started a mining venture in Manitoba. When the company got the ore out of the ground they could not separate copper, lead and zinc from the silver and gold because there was no formula in the world for doing so. Representatives of the company approached members of the Manitoba Legislature and told us they could not go any further without spending $1 million on research work. When we told the company the Legislature could not vote any money they asked the individual members to put

up some funds. So we put up some, and the New York principals put up the rest. That money was spent and eventually they came up with a process that made it possible for them to continue their enterprise. That was away back in 1929, when the shares of that company could be bought for $3 each. Well, that company paid dividends of about $10 over the next twenty years on all shares outstanding. An then what happened? The Dominion of Canada stepped in and took half of the profit. What did the Government give for it? Nothing. The Province of Manitoba charged only a small rent for the ground, and paid for building the railroad; it could legitimately have taken some of that profit, but it did not.

So long as that sort of thing goes on we cannot continue to have the present large production. The time is coming when it will not pay to produce those minerals. People cannot carry on under those conditions. Who is going to invest money in a company if they know that 50 per cent of the profit goes to the Government? People prefer to invest in something where the Government does not take it all away. Maybe the Government will get it anyway, but at least you have a chance.

Inflation is a combination of many things. Some people are saying that the banks encourage inflation. Well, I don't own any bank stock, and I can speak quite candidly about it, but I don't think banks cause inflation. I think inflation occurs particularly in respect to a new commodity or invention that meets the demand of the people who can afford to spend money freely on it. I remember when a Ford car cost only $1,000.

Hon. Mr. Aseltine: $650.

Hon. Mr. Haig: My friend took a second-hand car, and it cost him $650; I took a new one, and it cost $700. Then they got up to $1,000 each. As recently as a year ago I bought a Ford car. I asked my son who looked after the buying, "How much did it cost?" He said, "Dad, it isn't bad, just $3,500." Now, that was just for a Ford car, with a Ford engine in it. True, the style and the set-up were better than they used to be, and those things entered into the cost picture. But I say the day will come when we won't be able to keep up with these costs.

The difficulty with inflation is that it feeds on itself. My children come to me and say: "Dad, Mr. So-and-so, a lawyer like you, has two cars, one for himself and one for his wife. Why don't you have two cars?" What can I tell them. I can only say that I can't afford to buy a second car. They reply, "Well, you should be able to afford a second car if this other man can, because you are always saying he is not very smart, and you are."

Going back a few years, I find that the Government fixed the cost of living index, on the basis of the prices from 1935 to 1939, at 100 points. From 1939 to 1949 the index jumped to about 160, or a rise of 60 per cent in about 10 years. I should mention that there are two formulas: one is called the consumer price index and the other the cost of living index. The cost of living index is based on what the ordinary family spends on a list of specified items. Then in 1949 the Government decided to set the index at the figure of 100 again. When the Liberal Government went out of power, in 1957, the index stood at 122, and since the present Government came into power the index has gone up only about three points. The fact is, honourable senators, that today we are paying about twice as much for goods all along the line as we paid less than 30 years ago. I would like to see a committee of this house or some other house go into the problem and find out what causes these things to happen.

Recently the employees of the Canadian Pacific and the Canadian National Railways came along and said they wanted an increase in pay or they would strike. I do not criticize them; in their place, I would likely have done what they did. The railways went to the Board of Transport Commissioners and contended they needed a 20 per cent boost in freight rates to meet labour's demand. The commissioners gave them their 20 per cent boost in freight rates, and it is now being paid for by the farmers and city people right across Canada. That is not hearsay—that happened, and it will happen again.

The question is, how are we going to control this thing? What are we going to say to the farmer who used to pay $250 for a binder and now has to pay $5,000 for a combine? Those are problems we face.

Some people claim the solution lies in increased taxation, that is, by taking the money away from the people. Others say that taxes should be cut. I would point out that at the time of the general election in 1957 the Liberal Government knew they were being hard pressed. If they did not know it, they were stupid, and I don't think they were stupid. Again at election time in 1958 they knew they were hard pressed. But did they offer to cut taxes? In 1957 they had control, and in March of that year they could have brought in a budget that would have cut taxes, if they had wished to do so. They must have known—certainly everybody else did—that the feeling was running against the Government. To what extent, we did not not know, but we knew it was against them. So I say, why did the Liberal Government at that time not cut taxes in order to hold

down the cost of living? They didn't think it would reduce living costs, and that is why they did not do it. Mr. Howe was then Minister of Trade and Commerce, and I note that the report I have in my hand was addressed to him. He had that report before him and he knew prices were climbing. He is a very smart man, but in spite of the fact that living costs were climbing rapidly the Government deliberately chose to go before the people without changing the taxation picture. All they did was discontinue one formula and substitute another to fool the people. I say that if the present Government tries to do that, the same results will follow.

We have to find out the basic cause of inflation. If we are spending too much money for the goods we can produce and sell to the world, we have to cut our expenditures and make goods at a price at which we can sell them. For instance, I notice that the Ford company is now proposing to make and sell a small car in competition with the British and German manufacturers who are outselling the American and Canadian manufacturers in that field. What is going to happen to those parts of Ontario where larger cars are now being manufactured? They are going to have to produce a car that will sell in competition with the British and German small car.

At the end of the Second World War Germany was a defeated and strangled nation; yet, she has come back, through the efforts of her people who knew they had to take low wages and work long hours in order to get on their feet. It is not only labour that has to make the sacrifice; the change has to take place all along the line. Everyone of us must realize that we are partially responsible for this inflationary trend, and we have to do our part in meeting the situation. Otherwise we shall be fooling ourselves and nobody else.

Honourable senators, I was hopeful that the question of inflation would go directly to a committee, where we could call experts who could advise us of what the situation is and how we could deal with it. I do not think there is any one problem that is bothering the people of Canada more than inflation. The farmers of the west, 1,000 strong, were in Ottawa a few days ago, and six of them did me the honour of coming to my room. They were not from my province of Manitoba, but from Saskatchewan. I said to them, "What is the matter?" They replied that the cost of living had gone so high they could not get by and meet the cost of production. They never asked for any money, and never even mentioned it. I asked them what was the fundamental problem, and what would help the situation. I pointed out that I did not intend to vote to give them any more money, because a few years ago they had sold their wheat at too low a price, or because they refused to sell to the world market and insisted on the new marketing formula. Their answer to me was to this effect: the goods we use cost too much. We can't carry on and make any money, and the world won't pay higher prices for our wheat. Honourable senators, there is the problem among the farmers of the western provinces.

I received a letter just today asking me about this inflation situation, and I know that when I go home they will ask me what stand I took on it. I will say that I recognize that inflation is here and we have to find a cure for it. The only cure is to cut our costs to meet competition. Until we are ready to do that, there can be little hope of a solution.

Some people say the Government is spending too much money. My answer is that if the Government is spending too much the people will soon catch up with it and correct the situation. True, it took 22 years to catch up with the former Government. Although sometimes it takes a little while, the people always catch up to the Government. The electors, no matter what opinion my honourable friends may have about them, are pretty intelligent in these matters. That was made evident in the last election. In four western provinces—Manitoba, Saskatchewan, Alberta and British Columbia, all of which have a pretty fine class of citizen, one Liberal was elected—just one west of the Great Lakes; and I don't know how that rascal got in. I guess they thought he was a Conservative!

The problem of inflation is met with, and presents no doubt exactly the same difficulties, in my own province and every other part of Canada. I do not know intimately many people in Quebec and Ontario, but I am sure that this subject is paramount in their thoughts: they wonder when costs will begin to come down. But the topic is not, in my opinion, one which should be introduced here. It would be far better to have brought it up in committee, where it could be usefully discussed. It was as a result of a suggestion made last year by the honourable Leader of the Government (Hon. Mr. Aseltine) that we took up the subject of housing in committee, and I believe we were able to make one of the best contributions to a solution that has been made anywhere.

I have spoken long enough. All I wish to add is that I believe the procedure we are asked to follow here is wrong, and if the resolution goes to a vote I shall vote against it.

Hon. Gray Turgeon: Honourable senators, I should like to ask the honourable senior

senator from Winnipeg (Hon. Mr. Haig) whether he does not see a connection between the resolution before us, moved by the honourable junior senator from Winnipeg (Hon. Mr. Wall), and the report made by the Senate Committee on Finance in 1956. If I remember rightly, the last two honourable senators who have spoken in this debate were members of the steering committee of the Finance Committee at that time. One of the recommendations of the committee's sessional report, as printed in *Hansard* of 1956, pages 756 and 757, is as follows:

8. Inflation and Export Markets.

Your committee gave some consideration to the danger to Canadian export markets inherent in the inflationary trend, with its higher costs of production.

The danger inherent in this trend is immediately obvious. The ability to compete successfully in foreign markets is based, to a large extent, on the domestic cost of production, and increases in the latter cannot help but have damaging effects on the former.

Your committee feel that a study of all production costs should be made if these inflationary trends are to be curbed and if Canada's valuable export market is to be safeguarded. An exhaustive inquiry into this subject at the next session of Parliament is strongly recommended.

That report was made to this chamber when another Government was in power; and I see in the resolution of the honourable junior senator from Winnipeg a direct acceptance of this recommendation, and a sincere effort to carry it out.

Hon. Mr. Haig: I have no objection to the discussion of this matter in committee, but my point is that I do not think it is of any use to have a debate on it in this chamber, because I do not believe it will get us anywhere.

Hon. Mr. Turgeon: But the committee recommended in 1956 that there be parliamentary action.

Hon. Mr. Haig: Yes, but no action was taken. I was not one of the supporters of the Government then in office.

Hon. Mr. Turgeon: It was a report of the Senate Committee on Finance.

Hon. Mr. Haig: The honourable senator has not got my point. I say that I do not think that we need a discussion in this house on inflation in order to have a committee take it up.

Hon. Mr. Turgeon: But in the report of 1956 we recommended that it be discussed.

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

DIVORCE

BILLS—SECOND READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill SD-135, an Act for the relief of Jan Roberti.

Bill SD-136, an Act for the relief of Mary Athanas Copis.

Bill SD-137, an Act for the relief of Marie Marguerite Louise Leclerc Andrews.

Bill SD-138, an Act for the relief of Lorlotte Juliane Selma Wilhelmine Gude Hirtreiter.

Bill SD-139, an Act for the relief of Mary Alice Hadley Hutchison.

Bill SD-140, an Act for the relief of Flore Crevier Plamondon.

Bill SD-141, an Act for the relief of Karl Efraim Hill.

Bill SD-142, an Act for the relief of Ina Charlotte Charleson Hyde.

Bill SD-143, an Act for the relief of Gisela Antonie Anita Popp Sainitzer.

Bill SD-144, an Act for the relief of Alfred Laliberte.

Bill SD-145, an Act for the relief of Lawrence Crites.

Bill SD-146, an Act for the relief of Marie Jeanne Madeleine Saint-Pierre Pare.

Bill SD-147, an Act for the relief of Marie Louise Marguerite Therese Bernaquez Aubin.

Bill SD-148, an Act for the relief of Jean Scott Bain Kunst.

Bill SD-149, an Act for the relief of Josef Libich.

Bill SD-150, an Act for the relief of Roger Desjardins.

Motion agreed to and bills read second time, on division.

THIRD READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Honourable senators, in view of the parliamentary situation I move, with the consent of the house, that these bills be read the third time now.

Motion agreed to and bills read third time and passed, on division.

EUROPEAN COMMON MARKET

IMPORTANCE TO EXPORT TRADE OF CANADA —DEBATE ADJOURNED

Hon. John J. Connolly (Ottawa West) rose in accordance with the following notice:

That he will draw to the attention of the Senate the importance of the European Economic Community, known as the Common Market, to the export trade of Canada.

He said: Honourable senators, on the first day of January, 1959, an organization came into being in Europe called the European Economic Community, more commonly known as "The Common Market" and sometimes referred to as "The Six", because its membership consists of the countries of Germany, France, Italy, Belgium, the Netherlands and Luxembourg. The question has been asked here and, indeed, in other countries, "Should Canada be a member of that common market?" There are varying views. The problem is not a simple one, and I thought for that reason, and because Canada, as I propose to emphasize a little later, has a very important interest in trade in that area, this was a proper type of subject for the Senate to consider. I should like to add that the idea of discussing it in this chamber came to me originally as the result of a speech made on the Address by the honourable senator from Shelburne (Hon. Mr. Robertson). In addition, a number of other honourable senators with whom I have discussed the question were kind enough to give me some encouragement to do this. They have also given me a considerable amount of help.

In approaching the problem I think it is important to consider first of all the background in which the European Economic Community or the Common Market was established. Honourable senators will remember that after World War II, Europe was completely disorganized. Its defences were destroyed. Its political and social organization was in a shambles and its economic organization was really prostrated. Its currencies were inflated. Transport was demoralized and, generally, economic conditions there were in a perilous condition. This problem was recognized, particularly, in the United States. In June, 1947, the then great Secretary of State, General Marshall, speaking at Harvard University, proposed that America, in looking to the economic build-up of Europe—and I am not going to discuss the political re-establishment of Europe nor the question of establishing a defence organization there—said that economic help might well come from America, but that the organization of the work should be done by the Europeans themselves. As a result, in 1948, under the presidency of Harry S. Truman, the Economic Co-operation Act was passed and Mr. Paul Hoffman was appointed to see to the administration of what then became known as Marshall Aid.

I think it appropriate to say here that in total the amount of Marshall Aid given to the world by the United States came to some $42 billion. The amount given to the free countries of Western Europe amounted to some $25 billion, and the amount given to the six countries who are now members of the Common Market totaled nearly $14 billion. Canada was not behind in this business of providing economic aid, for our reconstruction loans totalled over $68 million to Belgium over $253 million to France, $123 million to The Netherlands, and $1,185,000,000 to the United Kingdom.

This was the kind of help provided by America in the hope of re-establishing the economies of Western Europe. The reaction in Europe was the establishment of an organization known as the Organization for European Economic Co-operation. Like so many such organizations, it is referred to by its initials, being called the O.E.E.C. Its purpose was primarily to allocate Marshall Aid and to bring common thought to the economic re-organization of Western Europe. There were 17 countries involved in the O.E.E.C., as follows: Austria, Belgium, Denmark, France, Germany, Turkey, Greece, Iceland, Ireland, Italy, Luxembourg, The Netherlands, Norway, Portugal, Sweden, Switzerland, and the United Kingdom.

As a result of the establishment of the Organization for European Economic Co-operation many things were done to help re-integrate the economies of that part of the world. Arrangements were made for inter-country payments. The old Benelux customs union between Belgium and Luxembourg was enlarged to include The Netherlands. There was success in achieving liberalization of inter-country trade. Plans were made for the increase in the national production of all of these 17 countries, and the target for each was 5 per cent per annum. Co-operation led to the establishment of the Coal and Steel Community, and honourable senators, I am sure, are familiar with what that was able to accomplish. They also established an Energy Commission in 1955, and then they began to study the idea of the Common Market. They also considered the establishment of a free trade area, which is a different kind of idea, and which I will touch upon a little later.

Finally, in March 1957, there was signed at Rome a treaty called the Treaty of Rome for the establishment of the European Economic Community or the Common Market. As I have said, the countries which are signatory to that treaty were Italy, France, Germany, Belgium, The Netherlands, and Luxembourg,—six out of the 17 countries which belonged to the O.E.E.C.

I think it is logical at this time to consider the relative importance of Western Europe as a market for Canadian exports. It is not

the biggest area into which Canada sells her goods. We sell, for example, nearly 60 per cent of our exports to the United States. In 1955 the total of our sales in that market was over $2½ billion. In 1955 we sold 18 per cent of our exports in the United Kingdom market, to a total value of $769 million. To Western Europe in that same year we sold 9.2 per cent, just under 10 per cent, of our exports, to a total of $393 million.

Honourable senators, I have here a table which might be helpful in considering this problem. While I do not intend to read it, I would like to refer to some of the principal parts of it, and I would ask permission of the house to have it placed on *Hansard*.

Hon. Senators: Agreed.

Hon. Mr. Connolly (Ottawa West): Thank you.

CANADIAN EXPORTS
(million Canadian dollars)

To	1954	1955	1956	1957	% increase from 1954-57
(1) World	3,881	4,282	4,790	4,841	25
(2) U.S.	2,317	2,559	2,819	2,869	24
(3) Europe (Eleven & Six)	995.7	1,143.2	1,272.2	1,257.8	33
% of all Canadian exports	25.4%	26.7%	26.6%	26 %	
(4) Eleven	755.7	880.2	935.2	855.8	13
Note: U.K.	653	769	813	737	13
(5) Six	240	263	337	402	68
% of all Canadian exports	6.0%	6.2%	7.1%	8.2%	
Germany	87	91	134	152	74
Belgium-Luxembourg	55	53	58	60	9
Netherlands	40	48	54	70	75
France	34	43	53	57	68
Italy	24	28	38	63	163

Source: D.B.S.
December 1955 and 1957 (Exports)

Honourable senators, the table I have just referred to shows the volume of Canadian export trade with the United States, with the 17 countries of Western Europe and with the Six countries of the Common Market between the years 1954 and 1957. During that period Canada's world export trade increased 25 per cent, our export trade with the United States increased 24 per cent, our export trade with the United Kingdom increased 13 per cent, and our export trade with the 17 countries of Western Europe increased 33 per cent. But in that same period our export trade with these Six countries increased 68 per cent. In 1957, 26 per cent of our total export trade was with the 17 countries of Western Europe; and 8.2 per cent of our total export trade was with the Six countries of the Common Market. In 1954 we sold $240 million worth of goods in the Common Market. In 1957 we sold $402 million worth of goods to those same countries.

Honourable senators, I have another table showing the value, in percentages, of Canadian exports by categories to these Six countries in 1957. With permission of the house, I will place this table on *Hansard* as well.

VALUE AND PERCENTAGE OF CANADIAN EXPORTS BY CATEGORY, TO TOTAL EXPORTS TO SIX (1957)

	Millions of dollars	%
Total Canadian sales to the Six countries of which	402	100
1. Agricultural products	175	43
2. Industrial raw materials	143	36
3. Chemicals and manufactures	60	15
1. Agricultural Products	175	43
(a) Wheat	113	28
(b) Barley	9	—
(c) Rye	1	—
2. Industrial Raw Materials	143	36
(a) Aluminum, copper, nickel and other minerals	45	11
(b) Asbestos	23	—
(c) Iron Ore	15	—
(d) Pig Iron	13	—
(e) Synthetic rubber	24	—
(f) Wood products	23	—
3. Chemicals and Manufactures	60	15
(a) Polystyrene	4	—
(b) Synthetic resins	2	—
(c) Aircrafts and parts	20	—
(d) Machinery	6	—

(Source: Dept. of Trade and Commerce)

This table shows that in 1957 Canada's agriculture exports to the Common Market area were $175 million, and 43 per cent of all our exports to that area were for agricultural products. Our industrial raw materials which went to the Common Market area had a value of $143 million, and they constituted 36 per cent of our exports to that area. The chemicals and other manufactured goods which we sent there in 1957 were to a value of $60 million, and they constituted 15 per cent of our exports to the area.

Honourable senators, figures are tiresome, and I apologize for placing them before the house in this way, but some of them are

rather startling. In 1957 about 30 per cent of all Canadian wheat sales were made to these Six countries, to a value of $113½ million. Nearly 10 per cent of our iron ore went to these countries, and the value to us was over $15 million. Over 8 per cent of our aluminum went to these countries. Four per cent of our pulp went there. These figures will, I think, indicate that the Common Market, is and has been a substantial outlet, a traditional outlet, for a great many Canadian exports of considerable value.

This market is also valuable to the United States, which sells $1 billion 525 million worth of goods in that market, or nearly 12 per cent of its foreign sales.

Now, what does the Common Market mean? First of all, let me try to assess its size in a comparative way. In 1956 the population of the United States was 174 million. The population of Canada was 17 million. In that year the population of these Six countries was 166 million,—nearly as large as the population of the United States. The gross national product of the United States in that year was $430 billion. In Canada, it was $32 billion. In the Common Market countries the gross national product in that year was $150 billion. Perhaps I should say that the industrial production in the Common Market from 1953 to 1957 increased at the rate of 10 per cent par annum. The annual increase in the United States in that period was 4 per cent per annum; and the annual increase in Canada in that period was 6 per cent per annum.

These figures do indicate, I think, the fact that O.E.E.C. had a great deal to do of a beneficial character in raising the productive capacity of the countries to which Marshall Aid was supplied.

The European Economic Community, or the Common Market, is not a customs union only. It is not a commercial agreement between the Six countries only. It is all of that, but it is a political, social, and economic organization, and might well result in the establishment of a United States of Western Europe. The political and social side of the Treaty of Rome provides for the political integration of these countries, based on a historical association. It provides for the free movement not only of goods between these six different countries, but of peoples as well. They are to have a common marketing policy; they are to have—and this is important to Canada—a common farm policy; they are to have a common transport policy; they are to provide mutual aid for each other not only for their domestic development, but as well, for the development of the overseas dependencies of the member nations. Then there is in the treaty, and in the explanatory material that is available about it, the use of the word "harmonization" of their economies. I will simply leave that at the moment, as I may have an opportunity to come back to it later.

Let me say a word now about the formal machinery that is to be provided in order to make the Common Market run. They are to have a legislative assembly of 142 delegates, but the delegations are not loaded in favour of any one country; three are going to have 36 members; two are going to have 14 members, and Luxembourg will have six members. There is to be a judicial organization, consisting of seven members, to settle disputes arising out of the operation of the treaty. There is to be an executive organization, consisting of a minister from each of the countries; and there is to be a Common Market Commission. They are to have an advisory group of 101 members, and an operating level which would consist of an investment bank and a fund for the development of the economic work that is to be done in the countries, and the like.

As a result of the establishment of this rather formidable organization it is expected that plants will be modernized, that production within the area will be specialized. That will lead to an improvement in the variety and quality of goods. They will make arrangements for the location of production units in the best areas. There will be a free circulation of capital between the countries. Right within the area itself new mass markets will be established. Costs, it is expected, will be cut. The dependent overseas areas of the member nations will be developed, and their social and economic laws are to be modified so that they will reach some kind of common denominator. This presents a problem for France.

I think perhaps the most talked-of item in the Common Market idea is the approach to tariffs and quotas. It is planned that between the member nations, within a period of fifteen years from January 1, 1959, there will be complete free trade—no tariff protection one against the other. In fact, they have already started this process, because on January 1 of this year they all reduced their tariffs against each other by a flat rate of ten per cent. Within three years the reduction will be 30 per cent, within seven years, 60 per cent, and it is expected that within a 14-year period the tariff between the Six countries will be completely eliminated.

They are also, however, to have a common tariff wall for their protection against the world. The way this is to be done is that they are to take the national tariffs for each item and average them.

Now, all these countries, like Canada, are GATT nations, and while they can reduce tariff items within the GATT organization they cannot increase them without renegotiating. The process of the GATT renegotiations for the establishment of the common external tariff for the Common Market is now proceeding.

Hon. Mr. Reid: Have you any information as to the number of member countries in GATT?

Hon. Mr. Connolly (Ottawa West): I have not that figure with me, so I cannot give the honourable gentlemen that information, but most of these 17 countries of the O.E.E.C. are members of GATT, as are Canada and the United States.

Now, tariffs are one thing of course, but quotas are another, and reducing tariffs is not going to help the free flow of trade if quotas exist. So under the Rome Treaty it is provided that the quotas between the Six countries will be removed completely within a period of five years, and in the meantime any existing quotas will be open to all the member countries.

Perhaps I should here say a word, if I am not speaking too long, about the so-called Free Trade area among the seventeen nations in O.E.E.C. This was a proposal initiated, I understand, by Great Britain after the Common Market idea was discussed originally. This was a purely commercial plan, not political, not social. It was directed mainly toward industrial production. It excluded agricultural products, and one of the reasons for this was of course the Commonwealth Agreements. It proposed that tariffs be reduced to extinction as between the 17 members of the O.E.E.C. But it had this difference between it and the Common Market arrangement, that under the Free Trade idea, within the Free Trade area each member would be free to negotiate tariff reductions outside the Free Trade area with countries like Canada and the United States. It is also proposed that the preferences, like the Commonwealth preferences, be not disturbed. It did not contemplate a harmonization of economic or social establishments within the Free Trade area. It did not propose any surrender of sovereignty for the nations who joined to the same extent as is proposed under the Rome Treaty. I may say that a White Paper issued in the United Kingdom in January of this year disclosed that the discussions leading to the establishment of the Free Trade area had broken down.

Hon. Mr. McKeen: May I interject a question here? Was not the United Kingdom invited to come into this union originally?

Hon. Mr. Connolly (Ottawa West): I would think it might have been. However, the invitation was probably one that in the circumstances, and because of the character of the organization that was proposed, Britain could not have accepted at that time. I should say this, and I thank the honourable gentleman for his question, that apparently to get into the Common Market arrangement you have to take all or nothing, you cannot make any changes, you take all of the terms provided in the Rome Treaty, or you cannot join.

Now, the Common Market, honourable senators, is not a plan. It exists. These countries which are comprised in it are a thickly populated area. They have a population of 166 million, as against 175 million in the United States. Their gross national product is low still—it is $150 billion, as against $440 billion in the United States. But as the economic activity of the Six rises, the market opportunities are bound to increase. There is an opportunity there for Canada too. But I should point out that the Gordon report predicts that, with Canada's high-cost economy, we cannot expect too much of an increase in our sales of manufactured goods in Western Europe, and certainly not within the Six countries of this group.

One of the great problems for a country like Canada will be the competition we can expect to find within that area from the productive capacity which is bound to be developed as a result of the working out of the Common Market arrangement. I think it can be said, however, they will always need raw materials, because their industrial activity is not only high now but it will increase. Just what will happen to our agricultural output, however, once they begin to specialize in the production of foodstuffs, and also once they begin to develop their overseas underdeveloped dependencies, is another question.

A good deal of consideration, a good deal of concern, has been expressed by other countries as to the effect the establishment of the Common Market is going to have on their trade in the area. The New York *Times*, on February 15, reported that Scandinavia, Austria and Switzerland were getting concerned about the possibility of a loss of trade with the countries of the Common Market, and in the London *Times* of February 16, GATT countries in South and Central America, expressed great apprehension that the Common Market will develop overseas raw products and dislocate the normal trade in Europe enjoyed by South and Central American countries. There is, too, the possibility that if cost of production remains at a low level in the Common Market the production from that area is bound to

provide competition for Canada's goods in third-party markets as well.

Now, how is Canada to meet this new situation? Without attempting to be dogmatic about it, I think there are a few things which should be kept in mind.

First of all, I think Canadian exporters, Canadian producers, must know the rules which have been established for the operation of the Common Market.

In the second place, I think Canada must be careful about her renegotiations under GATT, when the Six seek to increase, as is bound to happen, some of the tariff items which now apply to Canadian goods going into those Six countries.

Canadian firms too might consider investing in business enterprises in the Common Market. That has already started in some of the countries. Certainly the Americans are doing it. In other words, our industrial and commercial people might find it of advantage to locate branches there, or subsidiaries. This might prove to be a very profitable type of venture for the Canadian organization interested in foreign trade, as an outlet for partly finished goods. I say no more about the matter, although honourable senators can see that this subject alone is one which can be discussed at great length.

But I think this point is more important than anything else to be said, that the Six themselves must be encouraged to place their external tariffs on the lowest possible basis. The yardstick for them, as well as for us, should be the liberalization of trade in the Western world, and not discrimination or dislocation of trade.

I can't help but point to the great amount of integration and collaboration with the countries of the Western world in the matter of defence since the end of the last war. But defence in these days—the provision of defence equipment, and soldiers, sailors and airmen—is not enough, unless the economies which are to be defended are strong economies. Canada on her part, and the countries of the Western world, must if possible follow a policy of progressive reduction of tariff barriers, and seize every opportunity to do so, if these free economies are to be further strengthened.

The London *Economist* has given some considerable attention to the problems of the Common Market and its effect on Great Britain. In the issue of February 7 last, the *Economist* had this to say:

> —there has to be a new approach. The feeling has to be removed that Britain simply wants to remain the exclusive meeting point of two great trading areas, enjoying preferences in both. There would seem to be only one logical new approach: that is, a broader association between the Commonwealth and Europe, opening the preferences the Commonwealth gives British industries to Europe too, and giving Commonwealth farmers markets in Europe in return. The Commonwealth itself should welcome this. Its economic advantages —cheap food for industrial Europe, cheap industrial products for the Commonwealth—are plain: so plain, indeed, that if no lead comes from Britain, some Commonwealth countries will make their own terms with the Six.

In conclusion, I would say this—

Hon. Mr. Pouliot: Before the honourable senator concludes, may I ask him a question? Could he give us a comparison between the total trade of Canada, imports and exports, with the countries of the Common Market, on the one hand, and on the other hand her trade with countries of the British Commonwealth?

Hon. Mr. Connolly (Ottawa West): I am sorry, I do not have the figures with me to answer that question in detail. But as honourable senators know, I have given the figure on the value of our exports to the Common Market.

Hon. Mr. Pouliot: What I want to know is if our actual trade with the Common Market countries is larger than our trade with the Commonwealth countries, and what are the possibilities in that connection?

Hon. Mr. Connolly (Ottawa West): I can answer that question with the figures I have, to this extent only, by saying that the value of our trade in the Common Market countries is probably less than 10 per cent of our total, while the value of our trade with Great Britain alone is from 18 to 19 per cent. So, obviously, the trade with the Common Market is not as important a branch of trade as that with the Commonwealth countries.

Hon. Mr. Pouliot: Would it be larger than our trade with the Commonwealth, excluding the United Kingdom?

Hon. Mr. Connolly (Ottawa West): Yes, that is probably true.

I do want to point out to honourable senators that we should not say, and I am sure we won't, that we are embarking on a trade war with the Six. I hope, too, that the Six will not feel that they are embarking upon a trade war with the rest of the world.

I think it was a great act of statesmanship on the part of the Americans to decide to help to re-establish the economies of the Western European countries and to supply so much financial and economic assistance to them, knowing perfectly well that in the future these countries would provide competition for American goods within Europe itself, as well as in third-party markets. The same can be said of Canada. The reason for this act of statemanship—and perhaps it was not altruistic, it seldom is—was the fact that

the economies of the Western countries were subjected to a declared trade war from the Russians. Indeed, the extension of the Reciprocal Trade Act which was passed last year in the United States Congress was largely motivated by the fact that it was important to strengthen the economies of the Western world as an answer to the economic attack that they were subjected to from behind the Iron Curtain. There are a great many quotations available from Mr. Khrushchev and others to the effect that their objective is to undermine the economies of countries which do not belong to their system, with a view to getting political domination over those countries. It is a question of one method of doing business, one system of government, one philosophy of life as against another. In that respect, in so far as the establishment of the Common Market is directed to strengthen the Western way of life as against the Eastern way, it is something which should be welcomed. I think, however, so far as Canada is concerned—because we are so concerned in this country with export trade—we should in our own interests watch the development very carefully and act with prudence and toward freer and freer world trade.

Hon. Mr. McKeen: Honourable senators, I did not wish to interrupt the honourable senator during his speech, but I should now like to ask a question on a matter that comes very close to this subject. Since one of the offsets of this Common Market that has been suggested is a common market of the Americas, I was wondering whether the honourable senator had in his research found any figures to show the potential of such a market.

Hon. Mr. Connolly (Ottawa West): I think the honourable senior senator from Ottawa (Hon. Mr. Lambert) will deal with that question.

Hon. Norman P. Lambert: Honourable senators, it is with some diffidence that I propose to speak on this resolution. So many very good speeches have been made in this chamber this session, dealing mostly with the related subjects of trade and finance, that one hesitates to add to what has already been said so well, lest the record become repetitious and tiresome. I must say that during my time in this chamber I have not heard or read so many able addresses as have been delivered here this session; and the one to which we have just listened this afternoon is by no means the least important of them. Had it not been for uncontrollable and unfortunate circumstances yesterday, the honourable senator from Ottawa West (Hon. Mr. Connolly) might have had the great inspiration and pleasure of making this speech on March 17. But by way of compensation, if the Western European Common Market really amounts to anything, we can look forward to seeing Ireland enjoying a very important place in that market and benefiting from it.

This resolution stresses the importance of the proposed European Common Market, and its sponsor has said a good deal about the importance of that possible development to this country and to the United States. I think that the word "importance" is the keynote of the whole proposition as far as this country is concerned.

As a declaration of faith in the soundness and redemptive value of the principle of increased international trade throughout the world, one is wholly in agreement with it. As a means of bringing immediate beneficial results to Canada, however, one may justifiably have some doubts. We all know that the proposal of a European Common Market embodying Great Britain is still a matter of some uncertainty, because of the problem of preferential tariffs within the British Commonwealth, and also owing to the questioning attitude of France, which, as everybody knows, has recently revalued her currency. To my mind, therefore, the present importance of the so-called Common Market in Europe should be to emphasize the value of Canada's trade with the United States and the vital position which this country occupies on this continent and in this western hemisphere. In directing attention too greatly, from a fairly remote position, to Britain's dilemma in connection with trade in Europe, it may be easy for us to miss the substance of our own North American position for the shadow of a European bloc. I think it important to observe at this point that our approach to this resolution and the problem represented by it is on the basis of economic development and industrial production, not of intercontinental defence and military strategy, which has been also mentioned by the honourable senator who has just taken his seat.

For many years Canada's largest and most important customer has been the United States, just as Canada has been the most important customer of the United States. During and since World War II this relationship has grown to the point where over 60 per cent of our exports go to the United States and over 70 per cent of our imports come from that country. The United States sells more to Canada than to all of Latin America, and more than to all the countries on the continent of Europe. All transactions between Canada and the United States are for cash. We have never sought nor received

grants in aid in any form from any country. Therefore it must be important to both our countries, and even others to avoid new barriers or new prejudices on our common border which might affect a volume of trade which is now vastly larger than that between any other two nations of the world.

The trend of world trade as a whole is now in decline, and has been since the end of the last war, and the weight of evidence at present suggests that this slackening is likely to continue. The principal cause of that deterioration is the persistent continuance of what is known as "the dollar gap", which arises from the expenditure by foreign countries of more dollars than they can earn or borrow. At the end of 1958 that so-called dollar gap represented an annual rate of $8 billion. The year before the adoption of the Marshall Plan, when the lack of dollar credits abroad was regarded as a serious threat to world peace, the dollar gap amounted to the equivalent of $8.1 billion per annum. So it may be clearly seen that the basic cause of the movement in various parts of the world toward economic blocs and common markets is traceable to the unequal exchange value of the dollar in relation to other currencies, and this in spite of the financial aid rendered by the United States through such schemes as the Marshall Plan. The vast wasteful expenditure of capital wealth by those European countries, including Britain, during the last war is the real reason for the prolonged inequality of their exchanges with the geographically more fortunate countries on this side of the Atlantic.

As has been pointed out by my colleague who has just spoken, the Common Market in Western Europe embraces the Six countries which he mentioned, and these states represent at the present time about 22 per cent of the world's trade.

I might divert for a moment to refer to an address which was delivered at the United Nations, in Committee One, the political committee of the United Nations, in 1947, when I had the privilege of attending the Assembly as a delegate from Canada. Doctor Oscar Lange, the representative of Poland, delivered an address before this committee and pointed out what he deemed to be some of the fundamental weaknesses of the application of the Marshall Plan to the assistance of Europe at that time. For some years before the war Dr. Lange was Professor of Economics at Chicago University. Upon the outbreak of the war he returned to Poland, and later came to Washington as Chief Ambassador to the United States for Poland. In 1947 he represented his country in the Russian bloc of delegates. I was struck by the cogency of his arguments at that time, and frequently since then I have thought of them, in view of movements which are now taking place to resolve various groups of countries into trade blocs. Doctor Lange pointed out that the result of the war, as far as Europe was concerned, had been to create a vacuum in Central Europe, by the division of Germany; and he insisted that if Europe was to recover economically, as the world hoped she would, the restoration of Germany to her former unity was essential to provide that necessary economic mainspring which had been a large factor in sustaining Europe in the days gone by. He was accused, of course, by those on the committee who spoke in opposition to him, of espousing the cause of Russian ambition and he was discounted to that extent at that time. But he did not speak from the point of view of Russia's ideology at all. I think he spoke sincerely and genuinely as an economist who appreciated the forces that had been dissipated and disrupted on the continent of Europe.

Despite all that has been done since that time to stimulate or "prime the pump"—if we want to use that term—to rehabilitate life in Europe, we find the tendency has developed of one bloc after another taking form for the purpose of setting up free trade areas among themselves, with the application of tariffs against others.

In addition to the Western European market of which we have been speaking, a real threat to world trade is the offensive now launched by the communist countries with an objective chain extending from southeastern China to the west coast of Africa, embracing 20 nations with a combined population of over 700 million.

In South America the same isolationist movement is under way. The first common market there is likely to comprise Brazil, Chile, Argentine and Uruguay. Another group is to include Peru, Ecuador and Colombia, while a Central American zone is being described around Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador.

The ultimate objective of all these common markets is free trade among the member countries of each group, and a common tariff against goods from outside.

In view of the zonal pattern which is beginning to take form in so many different regions of the world, the relative positions of the only two countries based as they are on a common dollar currency, and a natural exchange of goods between them, Canada and the United States, are being confronted with the logical proposition of a common market of their own. That raises the point that was suggested a few minutes ago by my honourable friend from Vancouver (Hon. Mr.

McKeen). This common market should include as far as possible South America as well. Surely common sense indicates the importance of leaving that possibility open. The great example of industrial and financial co-operation between these two nations during the urgent days of the last war should still be a guide and an inspiration to their peoples and their Governments in dealing with the present change in world trade and finance.

But we have our busy alarmists in this country who, if they are not disturbed over possible loss of Canadian sovereignty in connection with defence, seem to be worrying daily about a steady large-scale invasion by industrial capital from south of the line. These people see Canada condemned to an indefinite future as hewers of wood and drawers of water for America, and almost on the verge of being owned by foreigners, with a loss of both political and economic independence. This rather blatant and bleating negative point of view is not new in this country, but it has been more vocal than usual recently, particularly in certain sections of our press. It serves to emphasize a continued lack in this country of positive, constructive policy, thinking and outlook on the part of Government leadership. This emphasizes the truth that Canada's industry is largely concerned with the development of primary raw materials and farm products. Of the 12 chief export commodities in our trade, only newsprint is a manufactured product. And further, figures in my hand show that Canada is less of a manufacturing nation than it was 10 years ago. In 1947 manufacturing represented nearly 31 per cent of all Canadian production. By 1956 it was only 28.6 per cent, and today it is less than that. So I think people in this country should realize that, as in the past, our prosperity for some time will be in the wholesale development of latent raw materials which nature has so lavishly bestowed upon them.

"The North Atlantic Triangle" is a diplomatic term which has been used to describe the position of Canada, Great Britain and the United States for over a hundred years. As pointed out by a distinguished Canadian historian, Mr. Frank Underhill, Canada has survived by the feat of balancing herself in a triangle of forces in which Britain has been at one corner and the United States at the other corner. We have balanced the geographical pull of the United States against our historic connection with Britain. And thus Canada has avoided becoming an insignificant dependent colony of Britain on the one hand, or an insignificant satellite of the United States on the other hand, and has achieved independence without separation or annexation.

Since 1940, however, we have entered into a new era. As Mr. Arnold Toynbee indicated even in 1938, the world has passed from a British century to an American century; and that is particularly true of Canada's history. We have become dependent upon the United States for our security, and we have no alternative but to adapt ourselves to their leadership.

As Mr. Underhill expresses the situation so well:

> "Until we have proved ourselves mature in meeting this test, we are not in a good position to indulge in sneers about the immaturity of American leadership. Mature people", he adds, "know how to accept the inevitable."

As I have already indicated, Canada is more dependent economically upon her neighbour than ever before. We operate in the dollar area, not in the sterling area of the rest of the British Commonwealth. Our post-war boom of the 1950's derived primarily from the flow of American investment capital into Canada. Furthermore, it has been made clear that the things we can best develop are the commodities that the American economy requires in increasing quantities, such as forest and mineral products. As the result of these circumstances, already we are moving towards an integrated continental economy.

All of this inevitable and inexorable tendency has within the past few years caused a lot of worry to a certain class of Canadians, sometimes described as "egg-heads". They say that culturally we are becoming more and more influenced by American class culture through such agencies as radio, television, mass circulation of magazines and newspapers with their advertisements of American fashions in clothes, cars and innumerable gadgets. In spite of all this, we see very little evidence that the average Canadian citizen, in welcoming it, does anything but "what comes naturally".

Those who favour the development of a European Common Market hope that we North Americans, Canadians and Americans, may support it by co-operating with it, whether in the role of actual member nations or not. That is the implied challenge in the resolution before us; and it is to be hoped that such a challenge in the long run may be accepted. But, at this moment, Canada cannot afford to engage in any action parallel to that attempted in 1932, when proposed Imperial trade agreements did much to prejudice the trading interests of this country in America as well as abroad.

Eventually, I believe, multilateral trading, as conceived by the United Nations Organization at the end of the war, and which has been advocated and supported consistently by Canada and the United States, will prevail. It should be remembered that multilateral trading was the avowed aim of the United Nations charter in 1945, and, before that, was mentioned as a post-war objective by Mr. Churchill and President Roosevelt in the Atlantic Charter of 1941. Since then the germ of economic nationalism has played havoc with those idealistic conceptions, and Canada and her neighbour remain the two chief advocates of multilateral trading throughout the world. Right now, as I have said, the trend of things seems to be in the direction of zones or blocs of nations with common, econmic and financial interests. This may be a rational move to bring about some measure of order out of the chaos of a cold war period. But in the end the very force of resistance of one bloc to another generated by the natural progressive demands of human beings, regardless of national identity, must induce co-operation on a larger international world scale.

So, in conclusion, let me repeat that for the present, and that means for this generation, Canada must adapt herself to her important potential position as a North American nation, and not be induced to yield the substance in hand for a shadow elsewhere.

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

The Senate adjourned until tomorrow at 8 p.m.

66972-1—28½

THE SENATE

Thursday, March 19, 1959

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

Prayers.

NATIONAL DEFENCE BILL

AMENDMENT CONCURRED IN BY COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill C-27, to amend the National Defence Act, and acquainting the Senate that the Commons have agreed to the amendment made by the Senate to the said bill, without amendment.

APPROPRIATION BILL NO. 2

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-35, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1960.

Bill read first time.

SECOND READING

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

Hon. Mr. Aseltine: Honourable senators, with leave of the Senate, I will move the second reading now.

Hon. Mr. Macdonald: Has the bill been distributed?

Hon. Mr. Aseltine: Yes.

Hon. Mr. Macdonald: Would the honourable Leader give an explanation of the bill?

Hon. Mr. Aseltine: This bill, honourable senators, was passed by the House of Commons yesterday. Its short title is the "Appropriation Act No. 2, 1959". I am told that these supply bills are numbered consecutively. Honourable senators will recall that about three weeks ago we passed a bill entitled "Appropriation Act No. 1", which voted supplementary supply for the current fiscal year.

Honourable senators will be pleased, I am sure, to notice that the form of this bill follows the form recommended last year by the honourable Leader of the Opposition (Hon. Mr. Macdonald).

In accordance with custom, this bill proposes that one-sixth of all of the items to be voted in the estimates for 1959-60 be authorized. The proportions requested in this bill are intended to provide all the necessary requirements for the public service up to May 31, 1959. In no instance is the total amount of any item being released by the bill.

I want to give honourable senators the usual assurance that the passing of this bill will not prejudice their rights and privileges to criticize any item in the estimates when it comes up for consideration in committee of supply, and the usual undertaking is hereby given that such rights and privileges will be respected, and will not be curtailed or restricted in any way as a result of the passing of the measure.

In addition to one-sixth of Vote 209, an additional five-twelfths is to be voted. Honourable senators will see by Schedule A attached to the bill that Vote 209 deals with the Department of Mines and Technical Surveys. Generally the vote has to do with contracts for air photography of the Arctic Archipelago, including provisions for advance payments amounting to over one-half of the vote. A lot of that work is done early in the spring, and for that reason a request is now made for five-twelfths of that vote.

An additional one-third of Vote 38, which has to do with the Atomic Energy Board, is asked for. As honourable senators will see by Schedule B attached to the bill, the vote provides for grants for researches and investigations with respect to atomic energy. One-half of this vote provides for research projects carried in the universities, and is required for the first two months of the fiscal year when awards are being made to the universities.

The bill also provides an additional one-sixth of four votes, namely, 175, 182, 183 and 358. As will be seen from Schedule C, Vote No. 175 has to do with general administration in the Senate, Vote 182, under general administration in the House of Commons, covers estimates of the Clerk, and Vote 183 covers estimates of the Sergeant-at-Arms. The expenses under these items are concentrated in the period when Parliament is in session.

The next and last item in Schedule C, Vote 358, relates to Public Works. Generally speaking, this is to cover balances required to complete certain projects undertaken in previous fiscal years and for which no specific provision is made in the fiscal year 1959-60. By its nature, honourable senators, this vote is subject to heavy expenditures in the early part of the fiscal year, as final payments are made on projects completed or nearly completed during the previous fiscal year.

Under Schedule D are grouped Votes Nos. 64, 210, 259, 384, 451 and 454. Vote 64 has to do with education; that is administration, operation and maintenance, in the Indian Affairs branch. It provides for teachers' salaries and tuition fees for Indian pupils for a ten-month academic year. This item, together with a recently-adopted policy of making advances to the authorities in charge of residential schools, leads to a requirement in excess of the one-sixth or two months' general provision which I mentioned at the beginning of my remarks. Vote 210 has to do with Mines and Technical Surveys, particularly with regard to the Polar Continental Shelf project. This project will end in June or July, and entails a heavy concentration of expenditure in the first part of the fiscal year. Vote 259 has to do with National Revenue, taxation division. The bulk of this vote is for salaries. As honourable senators know, April and May are the peak-load months, during which seasonal help is hired to process tax returns, April being, of course, the main income tax month of the year. I come now to Vote No. 384, under Trade and Commerce, general administration, standards branch. Expenditures from this vote are heavier in the spring and summer months because the inspectors of weights and measures, electricity and gas cannot travel in the rural areas in the winter. Vote 451 has to do with Veterans Affairs, treatment services, operation of hospitals and administration, including authority for payments during the current and subsequent fiscal years, and provides for net treatment expenditures after reimbursement from outside sources. Vote 454 has to do with the same department, and deals with prosthetic services, the nature of which I do not fully understand. There is a lag between expenditure and recovery in this vote in the early months of the year. That is why an additional one-twelfth of this vote is required.

Hon. Mr. McKeen: May I interrupt to ask a question? As I understand it, one-twelfth of every item in this schedule is required to be voted, but evidently one-sixth is asked for in the first part of the bill. Why is one-twelfth asked for in this part?

Hon. Mr. Aseltine: The first part of the bill asks for one-sixth of all the items in the estimates. This one-twelfth is only to take care of the expenses which have to be met early in the year.

I would like to deal with section 2 of the bill. Each year the supply bills contain new authority to borrow money by means of the issue of Canada Savings Bonds and other bonds and treasury bills. From 1952-53 through 1954-55 authority to borrow up to $500 million was annually granted. In 1955-56 this limit was raised to $1 billion. In 1956-57 it was raised to $1,500 million. In 1957-58 it was raised an additional $1 billion. In 1958-59 it was again raised to $2 billion, and the amount of $1 billion referred to in this bill was required to meet the issue of Canada Savings Bonds in 1959 and other market obligations. For the information of honourable senators I might say that Canada Savings Bonds issued in 1958 totalled approximately $850 million.

Honourable senators, I trust that my summary of the provisions of this bill will be satisfactory to the house.

Hon. W. Ross Macdonald: Honourable senators, in the first place I wish to say that I am sure we are all pleased with the form in which this bill has been prepared. It is a great improvement on former appropriation bills, for it sets forth quite clearly the amounts that are required and it does not take a chartered accountant to understand it.

Hon. Mr. Brunt: Hear, hear.

Hon. Mr. Macdonald: The honourable Leader of the Government (Hon. Mr. Aseltine) has explained that the purpose of the bill is to put funds in the hands of the Government so it can carry on the business of Government during the next two months. This deals with the estimates for the financial year commencing April 1. The amounts set forth in this bill should not be taken too seriously, however. We do not know how much money is going to be required during the coming year. We know a lot of money was required last year and no doubt more will be required next year. But we are pretty much in the dark when we are dealing with this bill, for we shall not have any information upon which we can rely until the budget is brought down, probably in two or three weeks' time. I am confident that it will show a deficit of somewhere between $500 million and $1 billion in the amount of money received last year compared with the amount of money spent last year. We have heard that repeated from time to time. The Leader of the Government (Hon. Mr. Aseltine) has not denied it, nor has the Minister of Finance denied it. We can expect, therefore, that the huge sum that we are voting tonight to enable the Government to carry on business during the next two months will not by any means be one-sixth of the total amount required to carry on the business of the country. I have no hesitancy in saying that it will be one-twelfth, rather than one-sixth of the amount required.

Hon. Mr. Aseltine: You are not very optimistic.

Hon. Mr. Macdonald: No, I am not very optimistic, because from past performance we know that the Government has spent much more money than was set forth in the estimates tabled at the beginning of the year.

Tomorrow, or at the beginning of next week, we will receive a bill in connection with further supplementary estimates.

Hon. M. Aseltine: We hope tomorrow.

Hon. Mr. Macdonald: It may be tomorrow; but it will be quite a shock when we receive it, because when the estimates were tabled last May—if that was the time that they were tabled—the amount shown as required was considerably less than the amount being spent this year. However, when we will receive the further supplementary estimates we will be able to speak with more confidence and authority.

Tonight we are asked to give the Government enough money to pay the expenses of running the country, including the salaries of civil servants. I have no doubt that we shall all approve of this bill, because the business of the country must be carried on. The leader has stated that the amount required is one-sixth of the total amount of the estimates as shown in the *Blue Book* which was tabled some time ago. In addition to that are amounts required during the next two months on account of heavy expenditures during that period of time, as appear in the schedules shown in the bill.

Honourable senators will notice that subclause (a) of clause 2 of the bill sets forth that one-sixth of the total amount of all expenditures for the next fiscal year is required. Sub-clause (b) specifies an additional amount of $791,666.67, being five-twelfths of the main estimates as set forth in Schedule A of the bill. That means, in connection with that item, that we will have granted this evening two-twelfths under clause 2(a), plus five-twelfths under clause 2(b), making a total of seven-twelfths of that amount. In other words, of the items set forth in Schedule A, we will have voted seven-twelfths.

Hon. Mr. Aseltine: On one vote only; that is, Vote 209.

Hon. Mr. Macdonald: On the one vote set forth in Schedule A. The total percentage of Schedule A will be seven-twelfths of the total amount as set forth in the main estimates. In connection with clause 2(c) the total amount will be one-half. In connection with clause 2(d), the total amount will be two-twelfths, plus two-twelfths—that is four-twelfths, or one-third.

Hon. Mr. Aseltine: Not of the total estimates, just of those votes.

Hon. Mr. Macdonald: Of the total amount required in the estimates set forth in Schedule C.

In connection with clause 2(e) we will be granting two-twelfths, plus one-twelfth, or three-twelfths of the amount required in the main estimates of expenditures set forth in Schedule D.

Honourable senators, I do not think any of us can object to the passing of this bill at this time. All I can say is that we will look forward with great interest to the budget which will probably come down in two or three weeks time, and I predict that the amount we are approving tonight will be considerably less than one-sixth of the amount which will be required during the coming year.

Hon. G. Percival Burchill: Honourable Senators, there is a point I would like clarified. The total amount asked for is roughly $616,654,000, made up of $606,770,000, which is one-sixth of the main estimates, plus amounts of $791,666, $216,666, $713,163, and $8,162,000.

The only thing that puzzles me, following the question put by the honourable member from Vancouver (Hon. Mr. McKeen), is that while the amount of $606 million is based on one-sixth of the main estimates, sub-clause (b) of clause 2 shows an additional amount of $791,666, based on five-twelfths of Schedule A.

Hon. Mr. Aseltine: No, five-twelfths of Vote 209—only one vote.

Hon. Mr. Burchill: Five-twelfths, that is right. Clause 2(c) votes $216,000, or one-third of the amount of one item in the main estimates, and clause 2(d), $713,000, or one-sixth of several items in the main estimates. They are all different proportions. I am wondering why that is.

Hon. Mr. Aseltine: I have explained that. For example, I explained what Vote 209 was.

Hon. Mr. Burchill: I know that.

Hon. Mr. Aseltine: I explained why the five-twelfths of the item was needed in addition to the one-sixth. They say they need that much money before we shall have another supply bill, at the end of May. The same applies to the one-third of Vote No. 38 and so on. I cannot give any more explanation than that. I am sorry if it is not satisfactory.

Motion agreed to and bill read second time.

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

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

Hon. Mr. Macdonald: Mr. Speaker, may I have a word? No doubt the house will be sitting tomorrow. I can see no reason why the bill should receive third reading this evening. I think it should be deferred until tomorrow.

Hon. Mr. Aseltine: Honourable senators, the only purpose in asking for a third reading now is so that the bill will be ready in case we happen to have royal assent tomorrow evening before we adjourn for the Easter recess. I have in my hand the further Supplementary Estimates which are now being considered in the other place and in connection with which quite a lot of progress was made last night. If that progress continues we should have these estimates for consideration some time tomorrow and we might have royal assent tomorrow evening, but if no progress is made I presume that the Senate will have to adjourn until next week. If the honourable senator wants this bill to stand over until tomorrow I have no objection. I cannot see the necessity for it, but I am quite agreeable.

Hon. Mr. Macdonald: Honourable senators, I still feel that there is no urgency about this matter this evening. I am quite sure we shall have ample time to give this bill third reading tomorrow, and I would like to have it stand over until then.

The Hon. the Speaker: Honourable senators, when shall this bill be given third reading?

Hon. Mr. Aseltine: Next sitting.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following documents:

Copies of the letter of resignation, dated March 12, 1959, of the Commissioner of the Royal Canadian Mounted Police, addressed to the Minister of Justice and of the letter in reply thereto of the Minister of Justice, dated March 16, 1959, to the Commissioner of the Royal Canadian Mounted Police. (English text).

Copies of the agreements respecting the employment of the Royal Canadian Mounted Police, entered into between the Government of Canada and the Governments, respectively, of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. (English text).

PRIVATE BILL

FOOTHILLS PIPE LINES LTD.—REPORT OF COMMITTEE

Hon. John J. Connolly (Ottawa West), Acting Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill S-16.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications, to whom was referred the Bill (S-16) intituled: "An Act to incorporate Foothills Pipe Lines Ltd.", have in obedience to the order of reference of March 12, 1959, examined the said bill and now report the same with the following amendment:—

1. Page 1, line 17: Strike out "five million" and substitute therefor "ten million".

AMENDMENT CONCURRED IN

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

Hon. Mr. Connolly (Ottawa West): I move that it be concurred in now.

Hon. Mr. Macdonald: Explain.

Hon. Mr. Connolly (Ottawa West): Honourable senators, the amendment was made in response to a request by the applicant. The company had originally calculated that its requirement of capital would be 5 million shares of $5 each, but the requirement now turns out to be 10 million shares of $5 each, and therefore the company has asked that this alteration be made in the section referred to.

The Hon. the Speaker: Honourable senators, is it your pleasure to concur in this amendment?

Hon. Mr. Brunt: Honourable senators, I would like if possible to have this bill come up for third reading before the Easter recess, and I am one of those optimists who think we might recess tomorrow afternoon. So, if it meets with the approval of the Senate, I would like to have the amendment concurred in now.

Motion agreed to.

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

Hon. Mr. Brunt: Tomorrow.

Hon. Mr. Macdonald: The reason I objected to the third reading of the previous bill tonight was that it does not have to go to the Commons. This private bill has to go to the Commons, and had the sponsor of the bill asked for third reading of this bill tonight I would not have objected.

Hon. Mr. Brunt: Honourable senators, with the permission of the Senate I would be very pleased to move third reading of this bill tonight.

Hon. Mr. Power: I will not consent.

Hon. Mr. Monette: As a newcomer to the Senate I do not understand the atmosphere here. Usually there is agreement one way or the other.

Hon. Mr. Haig: Honourable senators, if I might rise to a point of order, I will help the honourable gentleman out. Half of the house wants to finish tomorrow afternoon, and the other half does not want to finish until next week. That is the picture.

The Hon. the Speaker: Third reading tomorrow.

INTERNAL ECONOMY

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the first, second, third and fourth reports of the Standing Committee on Internal Economy and Contingent Accounts.

On motion of Hon. Mr. Brunt, Chairman of the committee, reports adopted.

DIVORCE

FIRST READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill SD-151, an Act for the relief of James Alfred Keelty.

Bill SD-152, an Act for the relief of Agnes Forget Haymond.

Bill SD-153, an Act for the relief of Maurice William Bell.

Bill SD-154, an Act for the relief of Robert William Stamp.

Bill SD-155, an Act for the relief of Tanya Burstein Yerzy.

Bill SD-156, an Act for the relief of Yvonne Catherine Marie Vrancken Bruggemans.

Bill SD-157, an Act for the relief of Mary Friedman Nussenbaum.

Bill SD-158, an Act for the relief of Paul Rewoski.

Bill SD-159, an Act for the relief of Tibor Kadar.

Bill SD-160, an Act for the relief of Daniel Myer Glovinsky.

Bills read first time.

SECOND READINGS

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

Hon. Mr. Roebuck: With leave of the Senate, I move the second reading now.

Motion agreed to and bills read second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

CONVENTION ON NATIONALITY OF MARRIED WOMEN

On the notice of motion of Hon. Mr. Aseltine:

That it is expedient that the Houses of Parliament approve the convention on the Nationality of Married Women done at New York on February 20, 1957, and that this house do approve the same.

Hon. Jean-François Pouliot: Honourable senators, may I ask the honourable Leader of the Government if he has tabled the convention referred to in this notice of motion?

Hon. Mr. Aseltine: Yes.

Hon. Mr. Pouliot: The convention has not been printed in the Minutes.

Hon. Mr. Aseltine: I tabled 50 copies of the convention, and any honourable senator who wanted one could obtain one.

Hon. Mr. Macdonald: Honourable senators, I have had a number of requests for copies of this convention, and it has occurred to me that perhaps it should be printed as an appendix to our *Hansard* or to the *Minutes of the Proceedings.*

Hon. Mr. Brunt: It would be preferable to have it appended to *Hansard.*

Hon. Mr. Aseltine: I move that the convention be printed as an appendix to the *Debates of the Senate* and *Minutes of the Proceedings* of the Senate of this day.

Motion agreed to.

See Appendix to today's Hansard, *pp. 443-4.*

TRANS-CANADA HIGHWAY BILL

THIRD READING

Hon. W. M. Aseltine moved the third reading of Bill C-29, to amend the Trans-Canada Highway Act.

Hon. Gordon B. Isnor: Honourable senators, I am of the same optimistic frame of mind as the honourable senator from Hanover (Hon. Mr. Brunt), and hope that we will get through our business and be able to adjourn tomorrow for the Easter recess. Those of us who live in the east or in the west like to get home for Easter.

My remarks in connection with this bill, which was so well explained by the Leader of the Government (Hon. Mr. Aseltine), will take a little different approach to the measure. The honourable leader said that the bill meant a further expenditure of $100 million for the building of the Trans-Canada Highway. I remember back in the period 1928 to 1935, when I was a member of the provincial Legislature of Nova Scotia, I strongly advocated hard surfacing of roads in that province. It was not until Angus L.

Macdonald came into power in 1933 that we were able to bring into effect a very extensive hard surface highway program in that province. The result has been that in the past 25 years we have been able to build a fine grade of highways throughout the whole province. In 1949 when the Honourable Robert Winters introduced the Trans-Canada Highway bill in the House of Commons, I on that occasion again showed my approval of the proposal by speaking to the bill, as I am doing at this time. I made one or two suggestions at that time which, I feel, if they had been carried out would have improved the program greatly and would have saved considerable money.

I was pleased to note that the honourable senator from Kamloops (Hon. Mr. Smith) spoke of the same thing in his remarks on the bill the other day, namely, that certain portions of this long trail, known as the Trans-Canada Highway, and extending generally speaking some 5,000 miles across the country, should have four-lane approaches to the principal centres of population. I still think that would have been a good move, but of course it would be more expensive today than if it had been done years ago.

As I said at the outset, honourable senators, I intend to adopt a different approach from that of the honourable Leader of the Government. I look upon this $100 million not so much as an expenditure, but rather as an investment.

There are those who say, "What is the difference, if you are spending $100 million, between calling it an "expenditure" and giving it your name of an "investment"?" I shall answer that later by showing the extent of revenues which have been derived through the provision of high-grade roads across our country. But at this point I would emphasize something which has been touched on by the honourable senator from Prince (Hon. Mr. Barbour), when he suggested that 50 per cent of the maintenance costs of highways should be borne by the federal Government. I do not go quite that far, but I believe that the federal Government should pay 50 per cent of the cost of the maintenance of the Trans-Canada Highway, because the benefits of the highway belong not merely to one province but to the whole dominion. I base that statement on the fact that it has brought to our country thousands of tourists from the United States and extended their travels from one province to other provinces, and I propose in a moment or so to give figures in proof of this fact.

While I favour the 50 per cent feature of the scheme—and the scheme is a good one—it favours the provinces which "have" and puts a big strain on provinces with small revenues. I can well understand the value to Ontario of an extensive program, which they are embarking upon at the present time, and towards the cost of which they receive 50 per cent from the federal Government, thus lessening their expenditures. But we who live in the smaller provinces are unable to undertake programs of similar magnitude, and we find a proposition involving the same terms much harder to finance.

So I urge honourable senators, and address my remarks particularly to the honourable Leader of the Government (Hon. Mr. Aseltine), that the Government be asked to take into consideration the sharing of the maintenance costs of the Trans-Canada Highway. They promoted it, they brought it into being, and there is no reason why they should not share in the upkeep throughout its extent of 5,000 miles.

I have one other thought in mind in this connection. Although the Trans-Canada Highway extends from the east to the far west, in some provinces its course is far from the main centres, especially the provincial capitals. It is natural to suppose that anyone who visits a province wishes to visit the capital of that province. To follow the example of the honourable senior senator from Winnipeg (Hon. Mr. Haig), who frequently speaks of Manitoba, I would perhaps be well advised to talk about Nova Scotia. The highway which extends across that province comes no nearer to Halifax than 60 miles. I suggest that the federal Government would be well advised to provide an access road from Truro into Halifax, and, further, to extend the Trans-Canada Highway system to connect with the Bar Harbour-Yarmouth ferry, the big point of entry in so far as our tourist trade is concerned. If they ran the Trans-Canada line from Yarmouth to Truro, or a connecting point down, perhaps, to the south shore, the tourists who land at Yarmouth would have an opportunity of seeing that wonderful country.

Hon. Mr. Aseltine: Would that road pass through Halifax?

Hon. Mr. Isnor: No. I am speaking now of the effects on the tourist trade.

Hon. Mr. Haig: Who laid out the original course of the highway through your province?

Hon. Mr. Isnor: I give full credit to the Honourable Robert Winters for bringing into effect this very fine scheme; and I am not reflecting in any way on the present Government when I ask for a $100 million grant. As for the Honourable Robert Winters, he

is to be congratulated upon putting this highway scheme into effect.

Hon. Mr. Quinn: Would the honourable senator permit a question? He made reference to a road from Yarmouth to the south shore. Such a road would have to pass through Halifax. You could not get away from it.

Hon. Mr. Isnor: That would be all the better for Halifax. I am glad that the honourable senator from Bedford-Halifax (Hon. Mr. Quinn) brought that point to my attention. He knows how valuable such a connection would be, and I am pleased that he is in accord with the thought I have expressed, that we should have a connecting line from Yarmouth either into Halifax, or with Truro. Particularly he will have in mind the scenic beauty of the south shore and the beautiful Annapolis Valley. I am sure that he will agree with me that these are worth-while tourist spots.

Hon. Mr. Quinn: Hear, hear.

Hon. Mr. Isnor: He will be the last one to say that the Government should not assist this project.

Hon. Mr. Macdonald: What about toll charges?

Hon. Mr. Isnor: That is getting off the line.

I now propose, honourable senators, to quote a few figures in support of my contention that what I have in mind is a good investment. I have here a table which shows the yields from gasoline taxes, and registration fees, as well as a number of other figures which I do not propose to read. They are distributed by provinces, but I shall give merely the totals. In 1957, the last year for which figures are available, the revenue from motor vehicles sales taxes amounted to $93,168,955, and from excise taxes $71,703,733, or a total from these two sources of $164,872,688. That is the net return on the investments we have made in connection with the Trans-Canada highway program. Then there is another source of revenue in the form of provincial gasoline taxes, which for the year 1957 totalled $324,205,000, along with registration fees, $128,850,000, or a further sum of $453,055,000 to be added to the aforementioned amount of sales tax and excise tax.

As a businessman I would say we have a fairly good customer for what we spend on the Trans-Canada Highway. I have not mentioned the revenue derived from tourist sources, but in 1958 American tourists alone spent $325 million. Honourable senators will see how important it is to have good highways for a customer willing to spend $325 million in one year, and will appreciate why I consider this expenditure on the Trans-Canada Highway as being a good investment on the part of the provincial and federal Governments.

At the outset of my remarks I said I would be as brief as possible, but I did not wish to let this opportunity pass without saying a few words in respect to this worthy program in connection with the Trans-Canada Highway. In conclusion I wish to say that I am in complete accord with the increased amount requested in this bill, and I look forward to the Government giving favourable consideration to my suggestions. I know that the honourable Leader of the Government in the Senate (Hon. Mr. Aseltine) will carry my views to the Government. If it will do just those two or three small things I have suggested for the province of Nova Scotia, the money being expended on the Trans-Canada Highway will bring even greater returns. Thank you.

Hon. Calvert C. Pratt: Honourable senators, I would like to take a few minutes to deal with the bill under consideration, and particularly how it affects my province of Newfoundland. I listened with a great deal of pleasure to my honourable colleague from Halifax-Dartmouth (Hon. Mr. Isnor), who brought forth some excellent points. Each province has its own advantages and disadvantages in connection with the Trans-Canada Highway.

Following my honourable friend's point, Newfoundland could also bring great revenue to Canada from tourist traffic with a Trans-Canada Highway which will connect with Gander airport, the cross-roads of the world, as well as attracting tourists to other airports and steamship terminals in the province.

Up to the present time Newfoundland has made less progress in the construction of its portion of the Trans-Canada Highway than has any other province in Canada. Notwithstanding that fact, this project has more significance and is more indispensable to Newfoundland than it probably is to any other province. This highway is needed in Newfoundland to correct the isolation of the large productive areas around the coast, and to serve as feeder lines for the local roads which the provincial Government has been building. The Newfoundland Government has diverted a lot of money to the construction of provincial local roads around the coastline, and a through provincial highway is most essential for connecting the fishing and industrial areas that are so served. As a matter of fact, this Trans-Canada Highway project has a distinct relationship to uniting many promising parts of Newfoundland where progress has been retarded by isolation for many years past.

The Trans-Canada Highway Agreement with the province was made in 1950, a year or so after the Terms of Union between Newfoundland and Canada. Certainly if the Trans-Canada Highway legislation had been introduced by the federal Government a year earlier it would have been a subject of special consideration in the discussion of the Terms of Union. We in Newfoundland have felt it was altogether wrong that in the taking over of the Newfoundland Railway, a narrow-gauge line, there was no provision for standardizing it and making it similar to the railway services enjoyed by the other provinces of Canada. Certainly this narrow-gauge line should have been converted to a standard-gauge or else a special provision should have been agreed upon for the financing by the federal Government of a Trans-Canada Highway through the province. There is, of course, a federal obligation to provide adequate interprovincial communications, and throughout the years prior to union of Newfoundland with Canada the Government of Canada spent hundreds and possibly thousands of millions of dollars on the construction and servicing of Canada's railway systems, but not one dollar of that money had been spent in Newfoundland. Despite the taxes which have been collected from the people of Newfoundland throughout the years, none of the heavy expenditure by Newfoundland people over the years on the railway construction had been returned or even considered in the Terms of Union. I realize, of course, that the Newfoundland railway, like the Canadian National Railway, is not a money-making system. As a matter of fact, more money goes out than comes in by way of revenue. Nevertheless, there was a great deficiency in our Terms of Union because of the fact there was no provision for the conversion of our railway to meet the standards of the national railways which service the other provinces of Canada. In any event, in lieu of such an expenditure, there should have been a special provision for the financing of Trans-Canada highway through Newfoundland.

The burden of a fifty-fifty agreement as far as Newfoundland is concerned is intolerable. The highway does not pass through large agricultural areas, as it does in most other provinces, and except for a comparatively short portion of the highway through parts of British Columbia, and other relatively short distances, the highway in Newfoundland crosses the roughest terrain in Canada. It is costly to build over this terrain, and it is costly to build the unusually large number of bridges that are necessary. The Trans-Canada Highway survey calls for construction of about 600 miles in Newfoundland. It is true that the federal Government has come in with a contribution of 90 per cent of the cost of 60 miles in each of the provinces. That is of assistance. Then there is about 30 miles for the national park. Notwithstanding that, there are still 500 miles under construction or remaining to be built in Newfoundland on the fifty-fifty basis. In addition, an unfavourable comparison as far as Newfoundland is concerned is that our province has not the advantage of being able to save by a reconstruction of existing roads and dovetailing them into the Trans-Canada Highway. It would be interesting to record here that there are 600 miles of the Trans-Canada Highway required to be built in Newfoundland, 388 miles in New Brunswick, and 310 miles in Nova Scotia. Those figures may not be precise. I took them from the original estimates. The number of miles to be built in British Columbia is about 700, and in Ontario about 1,400. Newfoundland's estimate of expenditures on a *per capita* basis runs at about five times that of Ontario—and of course there is no comparison so far as *per capita* earnings are concerned—and Newfoundland's *per capita* expenditure is about three times that of Nova Scotia.

I bring out these points, because I feel, in fact, I know, the Newfoundland public generally think, that by reason of the Trans-Canada Highway project coming along just after Newfoundland entered Confederation, and after the agreement being made, Newfoundland lost out by not having special consideration being given to it, for it was definitely unrealistic to think that Newfoundland should, in the circumstances, have to accept a fifty-fifty basis.

Honourable senators, representations have been made to the federal Government for a revision of the Terms of Union. It must be remembered that written into the agreement itself was a provision that within eight years of the consummation of union the terms would be considered and revised. The case has been before the Government for over a year, and no word has been received yet except that it is being considered. Lengthy consideration is a poor substitute for the meeting of an obligation.

The Trans-Canada Highway project, to some extent, stands apart from the special provisions required under the legal revision of the Terms of Union. That revision, however, does have a very definite bearing on the financial ability of the province of Newfoundland to proceed part way, at all events, with this urgent project. I appeal to the Government of Canada to give very special consideration to Newfoundland's case because, both morally and legally, the province has a right to very special consideration in this connection, and not to just an across-the-board fifty-fifty arrangement.

Hon. Felix P. Quinn: Honourable senators, it is rather unusual to have so much discussion in this chamber on the third reading of a bill. What the previous two speakers said could very well have been said on second reading. A practice of this kind creates a precedent, and I do not think it speaks well for the conduct of business in this house.

My principal reason for rising this evening is in connection with the statements made by my good friend opposite me, the member from Halifax-Dartmouth (Hon. Mr. Isnor). He went out of his way to take a lot of credit for paved roads in Nova Scotia, and mentioned especially the late Angus L. Macdonald. He was as good a friend of mine as of any member in this chamber; I knew him when he was a law student at Dalhousie University. I followed his career with interest, and I admired him right down to the date of his death. In fact, I was one of the last to see him laid in the ground, for Sir James Dunn and I stood together and practically wept over his grave.

The honourable member from Halifax-Dartmouth could have told us that in Nova Scotia the Liberal Government was continuously in office for 43 years up to 1925. Then there was a break, and the Conservative party was elected and held office for eight years. Up until the time of its taking office the record of road building in Nova Scotia was a very poor one. There were no paved roads, with the exception of a bit of road from Halifax to Bedford—a twisted, crooked road. When the Conservative party came into office in Nova Scotia, it had the difficult task of straightening out crooked roads, widening them in a good many cases, and also grading and preparing them. Miles and miles of roads were already graded and ready for paving, when the Government changed. That is the time for which my honourable friend takes credit for paving of so much road. I will not take any of the credit away from him.

Hon. Mr. Isnor: Let me point this out—

Hon. Mr. Quinn: My authority is the Minister of Highways in Nova Scotia, who stated in the Legislature, according to an account which I read in the only Halifax newspaper, that there were more highways paved in Nova Scotia in the last two years than in any other two years in the history of the province.

Honourable senators, I do not want to continue further, because if I did I would be breaking the tradition, for which offence I have criticized my two predecessors.

Hon. Mr. Isnor: Honourable senators, I rise on a point of order to say that I am within the rules in speaking on third reading of a bill.

Hon. Donald Cameron: Honourable senators, there is an aspect of the Trans-Canada Highway that has not been touched upon, having to do with the western section of that highway. Westerners are extensive travellers; they come east and drive new cars home. For a great many years the custom has been to drive on U.S. highways, but honourable senators will be interested to know that since a first-class road has been put through west from Winnipeg, Canadian traffic that used to go on U.S. highways is now coming on to our own Trans-Canada Highway, with the advantages that the senator from Halifax-Dartmouth (Hon. Mr. Isnor) mentioned.

The point I wish to make is that, eastern traffic travelling through Manitoba, Saskatchewan and Alberta, to the coast usually went down through Washington, Oregon, Idaho, and up to Vancouver. When the new road is through the traffic will travel on our own side of the line, with consequent benefit to the whole tourist industry.

My third point has to do with the Trans-Canada Highway going through the National Parks. Every part of Canada has scenery that is well worth seeing, and one of the great pleasures of travelling through this country is that every province has its beauty spots. I think it is generally accepted that the Rocky Mountains include some of the finest scenery in the world, and when the Trans-Canada Highway goes through the Rockies it will be one of the finest routes to be found anywhere.

The road from Calgary west was opened last summer, and already it is too narrow. It is a two-lane road with wide shoulders, and it could be widened to make a three-lane road later on. Time and again within a period of six months from the opening of that highway cars run bumper to bumper between Calgary and Banff for day after day, on weekends particularly, and at the height of the tourist season. So, it is evident that that road will have to be widened. At least, that is one solution.

Another solution is this, and I hope the Government will pay some attention to it. The Trans-Canada Highway mostly takes a new route, which means that the old road is still in existence. The Trans-Canada Highway being a first-class highway, trucks bowl along at top speed, passenger cars on business errands go through at 60 miles an hour and have no time to stop, and that means that the person who just wants to loaf along and see the scenery does not get much opportunity to do so. So the suggestion I want to make is that where possible the old road should be maintained as a sort of slow-poke highway, or a route on which the tourist can loaf along

and enjoy the scenery without being tooted off the road, as happens on the Trans-Canada Highway.

Another related matter is this. The building of a highway of this type through the Rockies is tremendously costly. Most of the work has to be done in the summertime, when the traffic is heaviest. I do not know what the costs per mile are on that highway, but anyone who is thinking about the cost will be appalled to see large construction crews stopped every few minutes while tourists' cars are allowed to pass through. This is another argument for planning the road as a divided highway, so that when it is being widened or a new road is being built paralleling it, construction crews working on the new road will not have to be held up every few minutes to allow the passage of thousands of cars, thus slowing considerably the progress of the work.

Honourable senators, that is all I want to say. I did not want to let this opportunity pass without mentioning these points. I am delighted that the Governments—and mark that I say Governments—of Canada have got this road very near completion. It is a great forward step in Canada; it will make for Canadians knowing their own country better, and it will also encourage, what is too often overlooked, one of Canada's biggest industries, the tourist trade. Frankly, I am surprised how little attention Chambers of Commerce pay to this very important industry. Dollar-wise it is one of the biggest in Canada, and as time goes on I hope it will get more encouragement.

Hon. F. Elsie Inman: Honourable senators, I would like to ask the Leader of the Government (Hon. Mr. Aseltine) if he would bring to the attention of the Government the fact that we are still waiting for the causeway to be built. That causeway I believe is to be considered part of the Trans-Canada Highway. The tourist business will soon be on us and we would like to see something done.

Hon. Mr. Aseltine: Has that anything to do with the Chignecto Canal? Do you want it too?

Hon. Mrs. Inman: I will go along with that also.

Hon. Vincent Dupuis: Honourable senators, I rise to add a few words to the debate on the Trans-Canada Highway bill. As we know, provision is contained in this legislation whereby the central Government will come to the assistance of the provinces in sharing the cost of building the Trans-Canada Highway through each of the provvinces from Newfoundland to Vancouver Island. Construction of that highway will be a progressive step and will be advantageous for the nation. People like myself and others who have relatives living in the west and who are anxious to travel there by automobile will not now have to cross the border and travel through United States territory for long distances to reach British Columbia. On completion of the Trans-Canada Highway we shall be able to motor across the country on Canadian soil.

Now, honourable senators, the province of Quebec, for reasons of its own, has decided not to avail itself of the money made available to it in virtue of the Trans-Canada Highway legislation whereby 50 per cent of the cost of a provincial portion of the highway would be paid for by the federal Government. The province of Quebec has adopted that stand, and that remains its policy. I do not want to enter into the question of approving or rejecting that stand. Those who now govern that province have their own responsibilities in the matter and they will be called upon to render account to the people. But what I am thinking about is this—and I would say that this follows from important statements made by my colleagues in this chamber—that the province of Quebec will not accept federal aid in the construction of its highways because that province claims to have a very good highway system now. Seeing that the province of Quebec does not wish to avail itself of this money, why could not the federal Government allow that money to be used by the province of Newfoundland, a province which has 600 miles of Trans-Canada Highway to build. As my honourable and distinguished colleague from St. John's West (Hon. Mr. Pratt) said a moment ago, building highways in Newfoundland is a very costly proposition. That being so, coupled with the fact that Quebec is not using what might be called its share, I do not see why it would not be possible to apply the economic principle of perequation in road building, much the same as is done in other fields of governmental activity, for instance, in education. I understand that in matters of education the provinces which are ready to accept moneys under the principle of perequation receive their shares accordingly.

There are many precedents for the adoption of that policy. Let me illustrate: When the automobile came into use, around 1912, the province of Quebec decided that better roads should be built. At that time roads were under the control of the municipalities. The Government of the province of Quebec was then under the premiership of Sir Lomer Gouin, and later the Honourable Mr. Taschereau. Sir Lomer Gouin decided to take from the municipalities control of the roads. Of course the municipalities could have objected, because the principle of autonomy was a

principle that should be maintained, and refused to accept the intervention by the provincial Government in the building of roads, which was their business. But the municipalities decided, in the cause of progress, to accept that intervention. So the principle of perequation which was established by the Liberal Government, was continued by the succeeding Conservative Government and now is carried on by the Government of the Honourable Mr. Duplessis.

The reason why the control of roads in Quebec was taken from the municipalities was that it was impossible for some municipalities to pay for the building of their roads. A poor municipality could not meet the cost. So it was necessary to establish the principle of perequation, by which the provincial Government took over the roads, and by the imposition of a gasoline tax it was able to build roads all over the province, including the poorer municipalities.

For many years the city of Montreal objected to the collection of the gasoline tax by the provincial Government, because the city said that it paid about 90 per cent of the tax and should have a share of it. But the provincial Government, including the Government of Mr. Duplessis, contended that the city of Montreal could not share in that tax because the money was needed to build roads throughout Quebec, not only around Montreal. The purpose of good roads was largely to attract tourists to that province, and to such beauty spots as the Matapedia valley. I know some parishes in that area that are very poor and unable to build their own roads.

So without perhaps realizing it, the provincial Government established a precedent of taking away the autonomy of the municipality and establishing the economic principle of perequation. I humbly submit that the same principle could be applied by the federal Government, so that the larger share of the money to build roads could be collected from the richer provinces. In that way roads of equally high standards could be built all across the country. I am sure the federal Government will see to it that adequate revenues are collected from the more wealthy provinces to take care of the less wealthy provinces.

Hon. Jean-François Pouliot: Honourable senators, there is nothing I dislike more than disagreeing with my colleague the honourable senator from Rigaud (Hon. Mr. Dupuis), who has just spoken. It is unfortunate he was not in committee yesterday when this bill was being considered, and when we heard the testimony of an engineer from the Department of Public Works, who has driven extensively over the highways of the province of Quebec from east to west. I asked him this very question: "Are the roads in the province of Quebec just as good as those in the other provinces?" He answered "Yes."

Hon. Mr. Dupuis: Excuse me. On a question of privilege: that is just what I said. My statement was that according to the information given by the representatives of the Government the roads in Quebec were good.

Hon. Mr. Pouliot: I know that.

I remember when Mr. Godbout was in power on the eve of an election the highway department would send a truckload of tarvia to be dumped in front of the church, and that was all that was done.

In my part of the country, from Rivière du Loup to the border of New Brunswick, everyone knows we have a splendid highway, just as good as one finds in the New England States.

And what about the road on the south shore of the St. Lawrence? As my honourable friend knows, there is between Montreal and Lévis a double highway, which is just as good as the Queen Elizabeth Highway which runs between Toronto, Hamilton and Niagara Falls.

I invite everyone to come to the province of Quebec and see for themselves that our roads are just as well built as those in any other province. We are proud of those roads; they are a credit to the province. So why complain about this and that when everybody, except a few, agrees that our roads are excellent?

When I made a comparison between the roads in my province under the former Government and those of the present day, it was because it was then impossible to have the road work completed. Under a former Minister of Roads in the province of Quebec, the roads around St. Hyacinthe were the only ones that were looked after, and very little was done.

Just two days ago the Honourable Antoine Rivard, Minister of Transport for the province of Quebec, said that the Quebec Government would not accept any money from Ottawa for highways, because the province wanted to be free. One reason the province cannot accept the highway specifications as laid down by Ottawa is that in certain parts of the province, especially along the north shore of the St. Lawrence, the road is rather narrow. It was built in the first place by a great Canadian, Sir Lomer Gouin, who was Premier of the province for a long time, and was Minister of Justice in Ottawa, and a director of the

Bank of Montreal and the C.P.R. He was indeed a great Canadian and pioneer in the construction of highways. The houses are built close to the roads, and the roads are narrow. So, one of the reasons why the specifications laid down by Ottawa for the building of the Trans-Canada Highway have not been accepted by Quebec is that Ottawa requires that the highway be 100 feet wide. This standard is impossible to meet in some parts of the country. But let us look at the magnificent double highway on the south shore of the St. Lawrence River and all the highways of Quebec. They are most satisfactory. As the honourable gentleman from Rigaud pointed out, we are both saying the same thing, so there can be no doubt about it.

Motion agreed to and bill read third time and passed.

PUBLIC SERVANTS INVENTION BILL

THIRD READING

Hon. William R. Brunt moved the third reading of Bill C-33, to amend the Public Servants Invention Act.

Hon. Jean-François Pouliot: Honourable senators, I do not regret what I said on the second reading of this bill, because the evidence which was given by the President of Canadian Patents and Development Limited exactly confirms what had been said here. The bill is a bad piece of legislation. The reason why the Government is asking for it is precisely that there is no item in the estimates to permit this kind of business to be done, although it would be easy for the Government to insert an item to provide for the operations of Canadian Patents and Development Limited.

The problem is much greater than my honourable friends who support the Government may suppose. It involves the very principle of parliamentary control of expenditure. How many times have I heard speeches from Conservative members, when their party was in opposition, complaining that information from Crown companies for which they asked was not made available. Not so long ago I asked for returns which would show the occupations and salaries of civil servants in each of the departments and in the Crown companies. Why, even now, have I not received that information? Because, according to the reason which was given, it is not the practice of the Government to disclose any information about the salaries paid in Crown companies. The other day, in committee, the president of the Canadian Patent agency was "in the box"—to employ the usual expression—for about an hour and a quarter. Everybody was anxious to have the bill passed, but there were many questions which could have been asked. I had the support of two or three colleagues who seemed to be very interested in the subject-matter of the bill, and asked the witness very pertinent questions, and it was very good of some of our colleagues to remain there to listen to the answers which were given by this gentleman. As he began his statement, he mumbled a few inaudible words, from which even those who were close to him were unable to understand anything. Eventually he spoke more clearly. But the story is easy to understand. Most of the top civil servants are greedy for power: And what occurred in this case? We were told what had been said by the Minister of Trade and Commerce in the House of Commons. I asked the witness, "Did you induce the Minister to bring in this legislation?" He admitted that he had spoken to him about it but, he said, "There are other ministers; there is this one and that one, the minister of this and the minister of that". But I got no definite answer, and I had not the time to press for a direct and definite reply.

Why has this legislation been sponsored in the House of Commons by the Minister of Trade and Commerce? For a very simple and obvious reason. The agency, Canadian Patents and Development Limited, is a branch of the National Research Council, which is under the Minister of Trade and Commerce. For this reason the Minister of Trade and Commerce could not answer the very pertinent questions which were put to him by Mr. Pickersgill, the former Secretary of State. He told him that in virtue of the law and according to the practice it was the Secretary of State who was in charge of patents. That is well known to everybody. Mr. Pickersgill then asked, "When was the jurisdiction of the Secretary of State over patents transferred to you, the Minister of Trade and Commerce?" The minister said, "I don't remember exactly, but I will let you know at the next sitting." But at the following sitting, when the bill came again before the House of Commons, and the same question was asked of the Minister of Trade and Commerce by Mr. Pickersgill, the minister replied, "I will tell you privately." I did not get in touch with Mr. Pickersgill to know what he was told. But I affirm that it is my first experience, in a parliamentary career of 35 years, that the Minister of Trade and Commerce has come to Parliament with legislation to satisfy the greed of a bureaucrat. And when you have one more mushroom company that is called a Crown corporation, about which we have no information in the future, that is the thing. It is just as simple as that. It is just as clear as spring water. That is the story, and I cannot understand

how it is that a gentleman of the experience, ability, knowledge, and astuteness—

Hon. Mr. Brunt: Easy, easy.

Hon. Mr. Pouliot: —of the honourable senator from Hanover (Hon. Mr. Brunt) would sponsor a piece of legislation like that in the Senate. What the Senate must do is defeat this bill on third reading, and it will end there and it will be a warning not only to the Government but to bureaucrats to stop trying by devious and circuitous ways to get more power and to infringe upon the rights and jurisdiction of Parliament. That is my feeling. I have been asked to look into this bill, and I will report this to my honourable colleagues. I will tell you honestly what I think of it. I find it is a bad piece of legislation, and they were bold enough to say that its purpose was to give more awards to the inventor, to look after the poor inventor. You will be shocked when you hear the number of inventions that have been accepted by the agency since 1955. Has it been 2,000? No. Has it been 5,000? No.

Hon. Mr. Brunt: Get down to a reasonable figure.

Hon. Mr. Pouliot: Has it been 500? No. It has been 250. How many inventors have got something out of it? How many poor civil servants who have worked hard in their cellars or attics to make some useful discovery for the state have got anything out of it? One hundred? No. Fifty? No. Forty? No. Thirty? No. Twenty? No. Ten, just ten. Nobody can deny it. What do they get out of it. Two years ago $1,800 was paid out in awards, and last year some three thousand-odd dollars were paid out, which means they got an average of $100 to $300 a year.

We are told that it is on behalf of the inventors in the Civil Service that this legislation is before us, to help them and give them a chance to continue their magnificent work for the people of Canada. Well, I am not from Missouri, but I do not believe it. They say: "We want to be fair. So far awards have been made only to inventors from the National Research Council who have sent their inventions to us, but we want to pay inventors from other departments, those whose inventions have been sent by other departments. We want to pay them."

How is it that the civil servant who does not belong to the Department of Trade and Commerce and who does his duty for his department should not be rewarded on the recommendation of his own minister, and that he should be rewarded under the recommendation not of his minister but of this or that agency, which would be just as free as the Cinque Ports of which Churchill was a warden?

Very able questions were asked by a certain member of the committee. I will not mention his name, because I do not wish to offend his proper modesty, but as to the retroactive aspect of the bill the answers were most unsatisfactory. This bill means nothing for the civil servants, and when we make a comparison between a man who makes an invention for the C.N.R., the C.P.R., the Bell Telephone Company, or the C.I.L., all the big organizations, we find he is treated ten times better than a civil servant who invents something. And we have to say "Amen" to what is suggested by those gentlemen in the Canadian Patents and Development Limited. I have no grudge. I have no anger. I was in committee, in an impartial way wanting to get the truth. It was impossible to get it all in such a short time. I have nothing to say about the character of the man who was there as a witness. His ambition, if it was not legitimate, was natural. But they want to run the show in the back of the minister and in the back of the Parliament of Canada. This is why it is high time to put a stop to it. What I will ask is to vote the bill down and then we will render a great service to the Civil Service as well as to the country at large and to the Government.

The Hon. the Speaker: Honourable senators, the question is on the motion of the Honourable Senator Aseltine, seconded by the Honourable Senator Brunt, that this bill be now read the third time. Is it your pleasure to adopt the motion?

Hon. Mr. Macdonald: Honourable senators, before the bill is read a third time I think some member of the Government who was at the committee meeting should answer some of the questions—I will not say accusations—which have been raised by the honourable senator from De la Durantaye (Hon. Mr. Pouliot).

Hon. Mr. Aseltine: I was at the committee meeting, and the honourable senator did not give the witness a chance to answer the questions put to him.

Hon. Mr. Brunt: It was one of the most unsatisfactory committee meetings we have had in a long time. I am not going to attempt to answer that kind of thing.

The Hon. the Speaker: Does the motion carry?

Hon. Senators: Carried.

Hon. Mr. Pouliot: On division.

Motion agreed to and bill read third time and passed, on division.

SPEECH FROM THE THRONE

ADDRESS IN REPLY ADOPTED

The Senate resumed from Wednesday, March 11, consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Pearson, seconded by Hon. Mr. Choquette, for an Address in reply thereto.

Hon. John J. MacDonald: Honourable senators, I know that you will expect me to be very brief this evening.

Hon. Mr. Macdonald: Oh, no; we have lots of time.

Hon. Mr. MacDonald: Let me say that last night I attended quite a banquet at the city of Charlottetown, and I am getting tired. I was supposed to speak on this debate a week ago, but nobody is to be blamed for the delay.

First, I want to associate myself with all who have spoken on the Address in Reply to the Speech from the Throne. I extend my compliments to the mover (Hon. Mr. Pearson), who gave a vivid description of the early pioneering days of the west. I also compliment the seconder (Hon. Mr. Choquette), who delivered an able speech in both the French and English tongues. After re-reading his speech, I feel that it was of a very high order.

Honourable senators, though I intend to be very brief I do not feel that I can let the occasion go without mentioning the delegation which came from the west a few days ago, and which probably most of us entertained. I found the members of the delegation most interesting. It does not surprise me if they have a problem. We farmers of the east also have a problem. Many of us probably have more serious problems today than we have had for some time past. All honourable senators from the great provinces of Ontario and Quebec know that we farmers in Prince Edward Island buy our automobiles and trucks from your area; we buy all our farm machinery, most of our clothing, household appliances, and so on from you. We also pick up the tab on freight both ways, so to speak, and that is quite a tough proposition now, especially when it is considered that when we lay down potatoes in central Canada we can only realize 60 cents for a 75-pound bag at the farm.

I listened attentively to the remarks made on the Trans-Canada Highway bill this evening, but I am going to take a few minutes to speak about boats, and then about the proposed causeway.

First of all, with the permission of the house, I will put on *Hansard* a table showing the capital cost to March 31, 1958 of ferries and terminal facilities between Tormentine, New Brunswick, and Borden, Prince Edward Island.

CAR FERRY SERVICE BETWEEN TORMENTINE, N.B., AND BORDEN, P.E.I.

(Operated by Canadian National Railways on behalf of the Government of Canada)

CAPITAL COST TO MARCH 31, 1958 OF FERRIES AND TERMINAL FACILITIES

Terminals		Capital cost to March 31, 1958	Funds provided by Canadian Government	Funds provided by Canadian National Railways
Tormentine, N.B., Docks and Terminal Yards, etc....		$6,787,420.22	$6,662,003.42	$125,416.80
Borden, P.E.I., Docks and Terminal Yards, etc.....		6,038,280.37	5,702,201.12	336,079.25
FERRIES				
(1) S.S. *Prince Edward Island*.....		$ 878,484.08	$ 705,521.45	$172,962.63
(2) S.S. *Charlottetown*—Total Cost...	$ 2,189,145.44			
Less: Insurance recovery.....	995,000.00			
		1,194,145.44	1,194,145.44	——
(3) M. V. *Abegweit*.....		7,067,709.58	7,032,720.47	34,989.11
(4) S.S. *Scotia* No. 2—				
Cost to May 1, 1955.....	$ 358,539.00			
Cost of refitting for Prince Edward Island Service.....	437,963.33			
		796,502.33	786,911.33	9,591.00
TOTALS.....		$22,762,542.02	$22,083,503.23	$679,038.79

It might be noted that the above table shows the gross capital costs. In accordance with Government accounting practice, no provision is made in the annual operating expenses of the service to cover depreciation of the assets.

In 1913 a start was made on the construction of docks and terminal facilities at Tormentine and Borden to provide landing facilities for the car ferry service from the mainland to Prince Edward Island, at which time the old dock at Tormentine was transferred from the Department of Public Works to the Department of Railways and Canals to serve the ferry service. Extensive improvements were made to this dock, and docking facilities and a new terminal were constructed at Borden. Construction of the dock and terminal facilities was completed in the early fall of 1917, and regular ferry operations between the two points commenced on September 17, 1917.

In 1942 it was decided to carry out extensive improvements to the terminals at both Tormentine and Borden to provide landing facilities for the new ferry the M.V. *Abegweit,* and from 1942 to 1945 capital expenditures amounted to $4,654,988.14 on the Tormentine terminal and $3,043,457.70 at Borden.

The S.S. *Prince Edward Island* was built for this service and delivered in December 1916, and was operated from May to September, 1917 between Charlottetown and Pictou pending the completion of the Borden-Tormentine terminals. On September 17, the vessel commenced regular operations between Borden and Tormentine.

The S.S. *Charlottetown* was built for this service and commenced regular scheduled service between Tormentine and Borden on July 26, 1931. In June 1941 this vessel, while proceeding to Saint John, N.B. for annual overhaul, grounded on a reef and sank, and was subsequently abandoned to the underwriters.

Hon. Mr. Macdonald: Any loss of life?

Hon. John J. MacDonald: No, honourable senator, no loss of life.

The capital cost of the vessel amounted to $2,189,145.44, insurance recovery amounted to $995,000, leaving a net capital loss of $1,194,145.44.

Now I am going to tell a story about the old *Prince Edward Island.* She has done yeoman service for 40 years. Last year she was just about ready to pull away from the wharf when a fireman who was stripped to the waist was starting up another boiler—it is an oil burning vessel now—with a torch of some kind, and the fire blew out the top, forcing the fireman to jump though an old ash hatch into the water. That was about six months ago, and I understand he is still in hospital. There could have been a sad story in connection with that ship. If she had been about a mile out when that happened they could not have saved her. However, fire-fighting materials were obtained from Summerside airport, which eventually saved the vessel. It can easily be seen just what can happen to boats at any time.

Now, honourable senators, let me give you the deficits, on the operation of the ferry service each year between 1954 and 1958. They are as follows:

1954	$1,514,218
1955	1,604,639
1956	1,804,287
1957	2,027,639
1958	1,987,689

This operation, in round figures, has cost the country $47,854,495.

Honourable senators, what I would like to know is how long are the people of Canada going to stand for such an expensive operation as this. At the end of March I believe we are going to receive the report of the engineers, and it is anticipated—if it is feasible, and we hope it is—that the causeway might be built for about $60 million, and that if the Government were to give the go ahead signal now it might be completed within 10 years. We are now in need of another boat, not a luxurious one, but one that can carry automobiles and so relieve the bottleneck that exists in the summer season in these ports.

We from the province of Prince Edward Island are deeply interested in the causeway to the island and we intend to keep up the pressure for its construction. I know our members in the House of Commons are going to keep up the pressure to have it built.

Honourable senators, I leave with you that thought, and will not detain the house longer.

Motion agreed to.

The Hon. the Speaker: Ordered that the said address be presented to His Excellency the Governor General by such members of this house as are members of the Honourable the Privy Council.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(*See p. 432*)

CONVENTION ON THE NATIONALITY OF MARRIED WOMEN

Adopted by the General Assembly of the United Nations at its Eleventh Session.
Signed by Canada February 20, 1957.

The General Assembly,

Considering that it is appropriate to conclude, under the auspices of the United Nations, an international convention on the nationality of married women, designed to eliminate conflicts of law arising out of provisions concerning the loss or acquisition of nationality by women as a result of marriage, of its dissolution, or of the change of nationality by the husband during marriage,

Decides to open the Convention annexed to the present resolution for signature and ratification at the end of the eleventh session of the General Assembly.

Annex

Convention on the Nationality of Married Women

The Contracting States,

Recognizing that conflicts in law and in practice with reference to nationality arise as a result of provisions concerning the loss or acquisition of nationality by women as a result of marriage, of its dissolution or of the change of nationality by the husband during marriage,

Recognizing that, in article 15 of the Universal Declaration of Human Rights, the General Assembly of the United Nations has proclaimed that "everyone has the right to a nationality" and that "no one shall be arbitrarily deprived of his nationality nor denied the right to change his nationality",

Desiring to co-operate with the United Nations in promoting universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to sex,

Hereby agree as hereinafter provided:

Article 1

Each Contracting State agrees that neither the celebration nor the dissolution of a marriage between one of its nationals and an alien, nor the change of nationality by the husband during marriage, shall automatically affect the nationality of the wife.

Article 2

Each Contracting State agrees that neither the voluntary acquisition of the nationality of another State nor the renunciation of its nationality by one of its nationals shall prevent the retention of its nationality by the wife of such national.

Article 3

1. Each Contracting State agrees that the alien wife of one of its nationals may, at her request, acquire the nationality of her husband through specially privileged naturalization procedures; the grant of such nationality may be subject to such limitations as may be imposed in the interests of national security or public policy.

2. Each Contracting State agrees that the present Convention shall not be construed as affecting any legislation or judicial practice by which the alien wife of one of its nationals may, at her request, acquire her husband's nationality as a matter of right.

Article 4

1. The present Convention shall be open for signature and ratification on behalf of any State Member of the United Nations and also on behalf of any other State which is or hereafter becomes a member of any specialized agency of the United Nations, or which is or hereafter becomes a Party to the Statute of the International Court of Justice, or any other State to which an invitation has been addressed by the General Assembly of the United Nations.

2. The present Convention shall be ratified and the instruments of ratification shall be deposited with the Secretary-General of the United Nations.

Article 5

1. The present Convention shall be open for accession to all States referred to in paragraph 1 of article 4.

2. Accession shall be effected by the deposit of an instrument of accession with the Secretary-General of the United Nations.

Article 6

1. The present Convention shall come into force on the ninetieth day following the date of deposit of the sixth instrument of ratification or accession.

2. For each State ratifying or acceding to the Convention after the deposit of the sixth instrument of ratification or accession, the Convention shall enter into force on the ninetieth day after deposit by such State of its instrument of ratification or accession.

Article 7

1. The present Convention shall apply to all non-self-governing, trust, colonial and other non-metropolitan territories for the international relations of which any Contracting State is responsible; the Contracting State concerned shall, subject to the provisions of paragraph 2 of the present article, at the time of signature, ratification or accession declare the non-metropolitan territory or territories to which the Convention shall apply

ipso facto as a result of such signature, ratification or accession.

2. In any case in which, for the purpose of nationality, a non-metropolitan territory is not treated as one with the metropolitan territory, or in any case in which the previous consent of a non-metropolitan territory is required by the constitutional laws or practices of the Contracting State or of the non-metropolitan territory for the application of the Convention to that territory, that Contracting State shall endeavour to secure the needed consent of the non-metropolitan territory within the period of twelve months from the date of signature of the Convention by that Contracting State, and when such consent has been obtained the Contracting State shall notify the Secretary-General of the United Nations. The present Convention shall apply to the territory or territories named in such notification from the date of its receipt by the Secretary-General.

3. After the expiry of the twelve-month period mentioned in paragraph 2 of the present article, the Contracting States concerned shall inform the Secretary-General of the results of the consultations with those non-metropolitan territories for whose international relations they are responsible and whose consent to the application of the present Convention may have been withheld.

Article 8

1. At the time of signature, ratification or accession, any State may make reservations to any article of the present Convention other than articles 1 and 2.

2. If any State makes a reservation in accordance with paragraph 1 of the present article, the Convention, with the exception of those provisions to which the reservation relates, shall have effect as between the reserving State and the other Parties. The Secretary-General of the United Nations shall communicate the text of the reservation to all States which are or may become Parties to the Convention. Any State Party to the Convention or which thereafter becomes a Party may notify the Secretary-General that it does not agree to consider itself bound by the Convention with respect to the State making the reservation. This notification must be made, in the case of a State already a Party, within ninety days from the date of the communication by the Secretary-General; and, in the case of a State subsequently becoming a Party, within ninety days from the date when the instrument or ratification or accession is deposited. In the event that such a notification is made, the Convention shall not be deemed to be in effect as between the State making the notification and the State making the reservation.

3. Any State making a reservation in accordance with paragraph 1 of the present article may at any time withdraw the reservation, in whole or in part, after it has been accepted, by a notification to this effect addressed to the Secretary-General of the United Nations. Such notification shall take effect on the date on which it is received.

Article 9

1. Any Contracting State may denounce the present Convention by written notification to the Secretary-General of the United Nations. Denunciation shall take effect one year after the date or receipt of the notification by the Secretary-General.

2. The present Convention shall cease to be in force as from the date when the denunciation which reduces the number of Parties to less than six becomes effective.

Article 10

Any dispute which may arise between any two or more Contracting States concerning the interpretation or application of the present Convention, which is not settled by negotiation, shall, at the request of any one of the Parties to the dispute, be referred to the International Court of Justice for decision, unless the Parties agree to another mode of settlement.

Article 11

The Secretary-General of the United Nations shall notify all States Members of the United Nations and the non-member States contemplated in paragraph 1 of article 4 of the present Convention of the following:

(a) Signatures and instruments of ratification received in accordance with article 4;

(b) Instruments of accession received in accordance with article 5;

(c) The date upon which the present Convention enters into force in accordance with article 6;

(d) Communications and notifications received in accordance with article 8;

(e) Notifications of denunciation received in accordance with paragraph 1 of article 9;

(f) Abrogation in accordance with paragraph 2 of article 9.

Article 12

1. The present Convention, of which the Chinese, English, French, Russian and Spanish texts shall be equally authentic, shall be deposited in the archives of the United Nations.

2. The Secretary-General of the United Nations shall transmit a certified copy of the Convention to all States Members of the United Nations and to the non-member States contemplated in paragraph 1 of article 4.

(Note: This Convention was tabled in the Senate on April 9, 1957.)

THE SENATE

Friday, March 20, 1959

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

Prayers.

NORTHWEST TERRITORIES BILL

AMENDMENTS CONCURRED IN BY COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill C-26, to amend the Northwest Territories Act, and acquainting the Senate that the Commons have agreed to the amendments made by the Senate to the said bill, without amendment.

APPROPRIATION BILL No. 2

THIRD READING

Hon. W. M. Aseltine moved the third reading of Bill C-35, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1960.

Motion agreed to and bill read third time and passed.

PRIVATE BILL

FOOTHILLS PIPE LINES LTD.—THIRD READING

Hon. William R. Brunt moved the third reading of Bill S-16, to incorporate Foothills Pipe Lines Ltd.

Motion agreed to and bill read third time and passed.

DIVORCE

BILLS—THIRD READINGS

Hon. William H. Golding, for Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill SD-151, an Act for the relief of James Alfred Keelty.

Bill SD-152, an Act for the relief of Agnes Forget Haymond.

Bill SD-153, an Act for the relief of Maurice William Bell.

Bill SD-154, an Act for the relief of Robert William Stamp.

Bill SD-155, an Act for the relief of Tanya Burstein Yerzy.

Bill SD-156, an Act for the relief of Yvonne Catherine Marie Vrancken Bruggemans.

Bill SD-157, an Act for the relief of Mary Friedman Nussenbaum.

Bill SD-158, an Act for the relief of Paul Rewoski.

Bill SD-159, an Act for the relief of Tibor Kadar.

Bill SD-160, an Act for the relief of Daniel Myer Glovinsky.

Motion agreed to and bills read third time and passed, on division.

BRITISH WEST INDIES

ECONOMIC MISSION OF CANADIAN CHAMBER OF COMMERCE—ORDER FOR RESUMED DEBATE DROPPED

On the Order:

Resuming the postponed debate on the inquiry of Hon. Mr. Pratt:

That he will draw the attention of the Senate to the Economic Mission of the Canadian Chamber of Commerce to the British West Indies, and will place before the Senate information obtained in the discussions with representatives of industry and government in Jamaica, Trinidad, Barbados and British Guiana which has a relation to policy of the Government of Canada in that area.—Hon. Mr. McLean.

Hon. W. Ross Macdonald: Honourable senators, on March 9 I adjourned the debate on this inquiry on behalf of the honourable senator from Southern New Brunswick (Hon. Mr. McLean), who at that time was in the West Indies. The item has remained on the Order Paper in his name since then but unfortunately he has been ill and unable to attend our sittings. I am not sure that he will be in the chamber when the Senate resumes sitting after the Easter adjournment. In the circumstances I would suggest that the order be dropped now, on the understanding that it may be revived by the honourable senator from Southern New Brunswick upon his return to the Senate.

Hon. Mr. Aseltine: Agreed.

The Hon. the Speaker: Order dropped.

PRIVATE BILL

EXPORT FINANCE CORPORATION OF CANADA —SECOND READING

Hon. William R. Brunt moved the second reading of Bill S-17, to incorporate Export Finance Corporation of Canada.

He said: Honourable senators, the purpose of Bill S-17 is to incorporate a company under the name of the Export Finance Corporation of Canada. I feel I should speak briefly in a general way in respect to this particular company, but I would suggest that an examination of the individual clauses of the bill be left until it reaches committee. If the bill is given second reading I will move to have it referred to the Standing Committee on Banking and Commerce.

The objects of this corporation would be to finance and facilitate exports and imports and the exchange of commodities between Canada and other countries of the world.

In the early days, because the foreign trade of Canada was largely confined to the British Empire, the facilities of an export and import corporation such as this were not necessary, but as foreign commerce grew Canada became an important world trader. In recent years, as a result of this increase in trade, a need has arisen for a Canadian corporation such as this to become engaged in international financing to assist and encourage overseas trade.

The corporation would extend and grant loans for the primary purpose of facilitating overseas trade by Canada, and by this means the corporation would finance exports of Canadian manufactured goods and agricultural products of all kinds. It means also that the corporation could finance the purchase of Canadian materials and equipment and services as the same are required for the development of natural resources located in foreign lands.

All loans which would be made would have to have the assurance of repayment with interest, and as a fundamental lending condition of any loan the borrower would have to have a good credit standing, plus the assured ability of such borrower—and this is important—to obtain the dollars necessary to finance and repay the loan. This corporation could never consider making a loan if at the beginning it was advised that the borrower could not obtain the necessary Canadian dollars to finance and service the loan.

Furthermore, I think it should be pointed out that loans would only be made for specific purposes; that is to say, loan commitments would be entered into only upon the borrower providing evidence that the proceeds would be used for the importation and use of Canadian products or services. Financial assistance would not be extended by this corporation if financing is readily available for the purpose from Canadian banks or private lending institutions. In other words, it is not the purpose of this corporation to enter into any contest with banks as to who will loan the money. If in the export business Canadian banks have the facilities to handle it, then this corporation will not be interested in making a loan under circumstances such as that.

Hon. Mr. Macdonald: Why should not the corporation be allowed to compete with the banks?

Hon. Mr. Brunt: Well, it does not want to do it.

Hon. Mr. Macdonald: Why not?

Hon. Mr. Brunt: It feels that if the present financing facilities of the chartered banks can look after any export business that is tendered to them, then the banks should do it. This company wants to come in after the banks and look after those types of loans the banks do not feel they want to make.

Honourable senators will see, in a minute or two, why the corporation will make the type of loan that the banks would not want to make.

Hon. Mr. Power: Are all those limitations, to which the honourable senator has referred, contained in the bill, or are these just good intentions?

Hon. Mr. Brunt: Possibly they are good intentions.

Hon. Mr. Power: They are not contained in the bill?

Hon. Mr. Brunt: No, I doubt if they are contained in the bill.

Hon. Mr. Macdonald: So there would be nothing to prevent this new corporation from competing with the banks?

Hon. Mr. Brunt: Oh, no. The corporation's powers are not going to be restricted, but I am now giving to honourable senators the ideas expressed by the sponsors of the bill, and what they propose to do if this bill is passed.

Hon. Mr. Kinley: Is this a private bill?

Hon. Mr. Brunt: Yes, it is a private bill. The Government has nothing to do with this bill.

Furthermore, it is the intention of this corporation to participate with other lenders in the financing of any particular transaction which would be of benefit or help to Canada.

With respect to the organization of the company, it should be pointed out first that the name the sponsors propose to use is Export Finance Corporation of Canada. This name has been cleared with the appropriate Government departments, and as far as can be ascertained there is no objection to the name.

Hon. Mr. Macdonald: May I ask another question? It is clear that this corporation can compete with the banks for clients to whom they can loan money, but will this corporation be in competition with the provisions of the Export Credits Insurance Act?

Hon. Mr. Brunt: No. I understand that is not the case. Under that act the Export Credit Insurance Corporation guarantees loans. It does not make loans, it only guarantees loans, whereas this particular corporation will be making loans.

Hon. Mr. Kinley: They guarantee payment don't they?

Hon. Mr. Connolly (Ottawa West): I do not think they guarantee the loan, I think they guarantee the payment under the terms of the contract.

Hon. Mr. Brunt: That is correct, they guarantee the money due to the Canadian exporter.

Hon. Mr. Connolly (Ottawa West): They insure.

Hon. Mr. Brunt: This company does not do that, this company makes loans. That is the main difference between the Government company and this private company.

Hon. Mr. Macdonald: I suppose this company may make a loan to a company whose loans have been insured under the Government act.

Hon. Mr. Connolly (Ottawa West): Yes, and that would be a very good loan.

Hon. Mr. Brunt: You could not ask for any better loan than that.

Hon. Mr. Connolly (Ottawa West): A 100 per cent insured loan would be all right.

Hon. Mr. Brunt: That would be the best possible loan that one could make.

It is proposed that the management of the affairs of this company will be vested in a Board of Directors of at least nine, all of whom must be properly elected by the shareholders of the company. The nine directors in turn would elect from among their number an Executive Committee of three, in addition.

Hon. Mr. Connolly (Ottawa West): Where is that in the bill? I can tell the honourable gentleman that it is not in the bill.

Hon. Mr. Macdonald: It will be in the by-laws, I take it.

Hon. Mr. Connolly (Ottawa West): That is a different thing.

Hon. Mr. Brunt: This information was provided to me by the sponsors of the bill, and I thought that at this stage it was advisable to tell honourable senators what the sponsors have in mind as to the management of the company.

Hon. Mr. Connolly (Ottawa West): Does the honourable gentleman mind if I interrupt?

Now, I may be mistaken about this, but I think this is what is intended: they start out by proposing three people to be the first directors of the company, but the bill does not say how many directors the company will have. I am not criticizing the honourable gentleman on this score, but I think that this bill should provide specifically for the number of directors of the company. If, for instance, a company is going to have nine directors, normally the petition to Parliament is made by nine persons and they are set up as the first directors of the company. Honourable senators, there may be a hole in the bill in that respect.

On the question of the Executive Committee, honourable senators know there is a provision in the Companies Act for an Executive Committee, and it may be that some of these sections of the Companies Act referred to in a later section of the bill bring the provision of the Companies Act in that respect into force. But I think there may be an omission here in connection with the directors.

Hon. Mr. Brunt: Well, I will say this, that if there is a deficiency I know it is something that can be rectified and corrected when the bill reaches the committee stage.

Hon. Mr. Connolly (Ottawa West): Is it suggested that part 3 of the Companies Act governs this point?

Hon. Mr. Brunt: Section 9 of the bill, where certain clauses of the Companies Act are made to apply, is the saving section. If it is proposed to have more directors than the number of sponsors named in the bill, however, I think that is something that can be definitely settled in committee, or under section 9 of the bill.

Hon. Mr. Connolly (Ottawa West): Oh, yes.

Hon. Mr. Brunt: Although the bill says nothing about this, the directors also intend to have an Advisory Committee. This committee would be chosen by the directors from the leading representatives in Canada of industry, commerce, finance and agriculture. The intention is that the Advisory Committee would meet at the call of the Board of Directors, but in any event the by-laws of the company will provide that the Advisory Committee must meet at least once a year, in order to advise the Board of Directors. Now, while this is not covered in the bill—

Hon. Mr. Power: This sounds like the *Social Register*.

Hon. Mr. Brunt: Not exactly. The *Social Register* includes a good many women, but I doubt if there will be many women on the Advisory Committee.

Hon. Mr. Connolly (Ottawa West): Why not?

Hon. Mr. Aseltine: They often give advice of that kind, don't they?

Hon. Mr. Macdonald: You had better be careful on that score if you want to get the bill through this house.

Hon. Mr. Brunt: I would like to say a few words with respect to the types of credit this corporation proposes to grant. I do not intend to cover each and every type of credit and assistance the company is prepared to give, but to mention only about half a dozen.

The first relates to the financing of exports. The corporation proposes to purchase from Canadian manufacturers and exporters the dollar obligations due to them as a result of sales of capital goods and services abroad. Such purchases would include sales in respect of which credit terms up to five years have been given by Canadian manufacturers and exporters. There is a field that this company can service, a field which the banks would not ordinarily be interested in servicing, and it includes making a loan where there are credit terms up to five years. Banks as a rule like to make short-term loans and keep their money turning over during short periods of time.

Also, loans would be made to foreign importers from Canada. The corporation proposes to make both direct or indirect loans to foreign buyers of Canadian products. Such loans of course would have to be supported by a financial agreement entered into with the foreign importer. Briefly, the agreement would provide for the purchase by the corporation of dollar obligations in favour of one or more Canadian manufacturers and/or exporters. In the event a foreign importer of Canadian products was unable to obtain dollar exchange, but was willing and able to pay in terms of the local currency of its country, the corporation might purchase such currency and pay the Canadian exporter therefor in Canadian dollars.

The company also proposes to give serious consideration to the matter of making loans to foreign governments, in order that such governments may purchase products, materials and equipment as required by them for the development of their own countries.

It is possible that the corporation will make agency loans, and these would be transactions in which the corporation would act as an intermediary or an agent. In such cases the corporation would entertain financing applications for resale to a lender in another country on a fee or commission basis.

Hon. Mr. Power: Just there, may I ask my honourable friend what is meant by the language? Are you asking for the right to entertain financing applications for resale to a lender in another country? What do you mean by the word "entertain" in that sense, to think about it?

Hon. Mr. Brunt: To think about it, consider it, and I think even to go as far as to grant it.

Hon. Mr. Power: Are you not going a little far in your use of the word "entertain"?

Hon. Mr. Brunt: It is perhaps stretching the use of the word a little, but you have to entertain a loan before you make it.

Hon. Mr. Power: Why put in the word "entertain"? Surely a corporation can think about making a loan any time it likes. We will either give the corporation power to make loans or we will not. We don't need to give it power to think about them.

Hon. Mr. Connolly (Ottawa West): Does that provision appear in the bill?

Hon. Mr. Power: Section 6(e).

You can give the corporation power to make a loan if you like, but not to think about it. Surely people still have the right to think in this country, without applying to Parliament for it.

Hon. Mr. Macdonald: I know of a more interesting way of entertaining.

Hon. Mr. Brunt: Probably it would not be as lucrative.

Also, this corporation may participate with a financing syndicate for the purpose of underwriting a loan, or a series of loans. It might participate with a buyer and seller in an export-import transaction; and finally, it could participate with others prepared to accept instalment payments on loan transactions, provided such instalment payments do not extend beyond the period of five years.

Hon. Mr. Macdonald: Is that in the bill?

Hon. Mr. Brunt: No. I am giving a general statement of what the sponsors of the bill have in mind. I did not propose this afternoon to discuss it clause by clause, but to leave that for consideration when the bill comes before the Banking and Commerce Committee.

Hon. Mr. Connolly (Ottawa West): You are giving a discussion of the policy of the sponsors' thinking.

Hon. Mr. Brunt: I am giving the thinking of the people behind the bill, which I believe is what honourable senators would like to have.

Hon. Mr. Macdonald: Yes.

Hon. Mr. Brunt: Finally, in the case of a foreign corporation, partnership or even an individual of extremely high credit standing, and engaged in trade with Canada and wishing to expand for the primary purpose

of improving business with Canada and Canadian exporters, the corporation could grant a direct loan for such purpose. In consideration of such financing the corporation might well expect to retain a common stock interest, royalty or other equity benefits.

The sponsors of this bill have—and they will tell you about it when they appear before the committee—worked out a rather elaborate system for making applications for credit. The system which they propose to adopt is certainly a very thorough and efficient one. However, I do not propose to elaborate and set out in detail those things which must be done step by step in applying for credit. But I can assure honourable senators that when this bill is considered by the Banking and Commerce committee there will be present someone from among the sponsors who can and will be able to outline in detail everything which relates to an application for credit.

I have spoken about the type of loans which this corporation proposes to make. I would like now to say a few words about the types of loans that will not be considered by this corporation.

The first is known as bail-out loans. By this I mean the corporation would not entertain any financing which is required to bail out an existing creditor.

Hon. Mr. Connolly (Ottawa West): Why not?

Hon. Mr. Brunt: They do not feel that is the type of loan they should give. When you offer a bail-out loan you are usually offering it to save somebody's hide, so to speak. It is a bad type of loan.

Hon. Mr. Connolly (Ottawa West): It is because it is a bad risk for them?

Hon. Mr. Brunt: A bad risk for them. That is one type of loan that will not be considered by this corporation.

Hon. Mr. Connolly (Ottawa West): This again is a matter of policy.

Hon. Mr. Brunt: This is all policy.

Secondly, the corporation does not intend to provide working capital for the normal of business. This is not considered the function of this corporation, and loans for this purpose will not be considered.

Hon. Mr. Macdonald: But they will have power to make such loans.

Hon. Mr. Brunt: Oh, yes.

Hon. Mr. Macdonald: There might be a change of policy.

Hon. Mr. Brunt: There might be; but at the present time that is not one of their purposes in coming to Parliament and asking to be incorporated by this private act.

Thirdly—and this I want to emphasize—the corporation would not under any circumstances compete with the finance facilities ordinarily provided and furnished by the chartered banks of Canada.

Hon. Mr. Macdonald: Do you know why?

Hon. Mr. Brunt: They still feel they should not get into that field, and that they should not be a competitor of the banks. When I come to speak of the proposals with respect to stock, you will learn of an additional reason there.

The corporation does not propose to entertain any loan below the sum of $500. This is the minimum amount, and at the present time no maximum figure for any loan is contemplated. Should, however, a single transaction or a series of transactions call for a higher amount of financing than the corporation is willing to entertain and make, it might form a financing syndicate with other approved lenders to furnish the total financial assistance which would be required.

I think it should be pointed out that one or more types of guarantees are generally available in the financing of export loans. For example, where an importer is required to obtain an import licence in order to secure dollar exchange it is usual for the local national bank or some government credit organization to guarantee the availability of the exchange. Any such guarantee of course would have to be in favour of the corporation. In certain other instances due to special factors within a foreign country, and also due to the credit standing of the borrower, additional guarantees might be required in the form of liens on exports, and the corporation would have to be subrogated to all the security rights held by an exporter.

The powers of this corporation are set out in section 6 of the bill. For the purpose of avoiding any controversy, if for no other reason, I do not propose to get into lengthy discussions today about them. I feel they could be covered much more fully and much better when the bill is before a committee.

Hon. Mr. Pratt: May I ask the honourable senator in what manner the corporation would proceed in order to get a line of products which might be exported and which do not come within the provisions of the Bank Act?

Hon. Mr. Brunt: Suppose, for instance, that motorcars were to be exported. The importer might buy them under a conditional sales agreement, or he might give a chattel mortgage to cover them. That security would be assigned to this company if it made a loan

against that account. That is one illustration which occurs to me at the moment.

With respect to the capitalization of the company, it is proposed that the corporation will have an authorized capital of $50 million, consisting of 10 million shares of par value of $5 each, and in the event of additional capital being required the corporation will have access to lines of credit and borrowing as provided by Canadian banks. Possibly another reason why the corporation does not want to compete with the banks is that it will be going to the banks from time to time to borrow money.

Furthermore, if it is found that the corporation requires additional capital funds beyond the amount realized from the sale of its capital stock, and beyond the amount which it can borrow from Canadian banks, the corporation will issue and sell to the general public its notes and serial debentures.

Hon. Mr. Macdonald: Is there power for that in the bill?

Hon. Mr. Brunt: Yes.

Hon. Mr. Macdonald: Oh, yes; clause 8.

Hon. Mr. Brunt: Finally, I would like to point out to honourable senators, I am advised—and I have every reason to believe this is correct—that it is proposed, when the capital stock of this corporation is offered for sale, that part of such offering will be taken up by the chartered banks of this country, and the general public will be given the right to subscribe and take up the remainder of any such offering.

Hon. Mr. Macdonald: Now we know why they do not compete with the banks.

Hon. Mr. Brunt: I said I would eventually come to that point. The corporation will be borrowing from the banks, and the Canadian public also will be shareholders in the company.

Hon. Mr. Power: The honourable senator has not told us which Canadian banks will be their sponsors.

Hon. Mr. Brunt: All of them. It is proposed that all the banks subscribe for stock.

Hon. Mr. Power: "It is proposed"?

Hon. Mr. Brunt: And all the banks are willing to subscribe.

I have nothing more to say about this bill. As I have said, and I now repeat, I have not dealt this afternoon with the clauses; I set out to tell this honourable chamber something of the thinking of the sponsors; and of course the bill will be referred to the Banking and Commerce Committee. I shall arrange for the sponsors to be there, so that a full explanation can be given with respect to each and every clause, and the sponsors will be available to answer any other questions, grammatical or otherwise.

Hon. Mr. Power: May I suggest to the sponsors that they might try to have a title for their corporation other than Export Finance Corporation "of Canada", because it gives the impression that the company has some governmental support.

Hon. Mr. Brunt: I may tell the honourable senator that numerous names were suggested. One I know of is "Canadian Export-Import Finance Corporation".

Hon. Mr. Power: It is the words "of Canada" to which I object. I think the promoters should reconsider that.

Hon. Mr. Brunt: Let me say that this name was submitted to the Finance Department of Canada. It was, I believe, looked at by the Inspector General of Banks, and the name in the bill was found to be satisfactory to the Government departments to which it was submitted. For that reason it was finally adopted. I realize it might give the impression that this is a Government corporation. It is not, however, a Government corporation, but surely the company should not be barred from using the word "Canada" in its name, because after all we want the world to know that this is a Canadian company. How can we bring it to world-wide attention if "Canada" is not included?

Hon. Mr. Connolly (Ottawa West): It might help if "Limited" were put at the end.

Hon. Mr. Pratt: The objects of the corporation are to finance and facilitate exports and imports. We infer from that, of course, that the financing of exports or imports is by the finance corporation and not actually the importer or the exporter. Would it have the right to insure under the Export Credits Insurance Act?

Hon. Mr. Brunt: No, this is a loaning company.

Hon. Mr. Pratt: It would not have any right to insure?

Hon. Mr. Brunt: No, it does not insure loans of any type. It makes loans. We have a Government agency which now insures loans, and this corporation would stay entirely out of this field.

Hon. Mr. Pratt: And they could not use the facilities of the Export Credits Insurance Act for their own ends?

Hon. Mr. Brunt: Oh, yes; that would be the best type of loan they could make.

Hon. Mr. Pratt: And not be exporters themselves.

Hon. Mr. Brunt: They would buy an export loan that could be insured by the Government. Of course, they would take any of these particular loans which were available.

Hon. Mr. Taylor (Westmorland): What section of the bill authorizes the company to issue debentures?

Hon. Mr. Brunt: Section 9, where use is made of sections of the Companies Act.

Hon. Mr. Connolly (Ottawa West): Section 63 of the Companies Act, which is referred to in clause 9, provides the general powers to do that.

Hon. Mr. Macdonald: While the honourable senator is referring to the Companies Act, what is set forth in the sections of the act which are mentioned in clause 10 of this bill? These particular sections are not to apply to this bill.

Hon. Mr. Brunt: We can get that information in committee.

Hon. Mr. Macdonald: The honourable senator has not that information at hand?

Hon. Mr. Brunt: No. I have not a copy of the Companies Act here.

Hon. John J. Connolly (Ottawa West): Honourable senators, there are a couple of matters I would like to mention now. I think they would be more appropriately taken up in committee, but to clear the air to my own satisfaction I should like to say a few things now.

This bill, I believe, is an entirely new departure from anything which has hitherto come before Parliament; and as, presumably, the corporation is going to deal with a great many foreign corporations in various countries of the world, there are two or three concrete things which occur to me that may be of great importance.

It is a new kind of company. It is to deal with foreign trade which in many respects is very closely tied up with the foreign policy of the country, and there is no restriction contained in this measure which makes the activities of this company subject to the foreign policy of the Government of the day. This is a very general consideration, but since we are starting into a new field perhaps it is a pertinent point to be considered.

The second point is that this company even contemplates making loans to foreign Governments. Here again the question of our foreign policy may be involved. There may be countries to which the Government of the day—any Canadian Government—might object to making loans. Would there be anything to restrict the activities of this company if it were to violate the foreign policy of the Canadian Government at any given time?

Another point is that, as honourable senators are aware, small loan companies which operate in the domestic field in Canada are subject to the restrictions of the Small Loan Companies Act. A few years ago a Senate committee spent a considerable length of time dealing with legislation involving restrictions to be applied to small loan companies.

Here we have a business company, a loan company, operating not in the field of domestic trade but in the field of foreign trade, and we have no restriction of any kind as to interest, carrying charges and that kind of thing. Perhaps there is no room for that type of requirement.

Hon. Mr. Brunt: May I interject that the bill in question was submitted to Mr. MacGregor, Superintendent of Insurance, and he went over it carefully and sent it back. I understand he expressed the opinion that neither he nor his department had any interest in it.

Hon. Mr. Connolly (Ottawa West): That might answer this problem. As I say, these are matters which can be considered in committee.

Section 6 of the bill provides that the company may purchase and sell securities and generally deal in coin, bullion and the like. Certainly the banks can deal with these elements. The honourable senator from Hanover (Hon. Mr. Brunt) has said that the banks are vitally interested in the activities of the proposed corporation, and I wondered whether there might be some conflict between this section of the bill and what the banks do.

The honourable senator from Gulf (Hon. Mr. Power) raised an objection to the word "entertain" in paragraph (e) of section 6. I think that the first few lines of section 6 are unusual in a power clause like this. They read:

> The corporation, in the furtherance of its objects and not excluding the other powers necessary to their achievement—

Section 9 of the bill refers to various sections in the Companies Act, the first one being section 14, which provides for the incidental and auxiliary powers which all companies incorporated by letters patent have. Whether the words in the first part of Section 6 are necessary, in view of section 14, is again, I think, a matter for study in committee. I have not got down to a consideration of the sections of the Companies Act which have been eliminated by section

10 of this bill, but again I think that is a matter for study in committee.

At this time I should like to raise a question in connection with section 8 of the bill, which provides that the corporation may from time to time make by-laws with reference to the issue of preferred shares. Normally in a letters patent company the issuance of preferred shares can be made by by-law, subject to the approval of the Secretary of State. I thought section 9 might require the Secretary of State to approve the terms and conditions of preferred shares. However, section 59 of the Companies Act, which appears to deal with this matter, has not been included in the list of sections of the Companies Act which are brought into play by section 9 of this bill. Generally speaking, the overriding thought I have is that the bill may be a perfectly valid one and it may promise to fill a need with respect to the problem of financing the exports and even the imports of this country, but the proposal is a new departure and the company presumably is going to be able to operate without regulations of any kind. It is going to be its own master, and may even have the right to do things which may be contrary to the foreign policy of the Government of the day.

Hon. John T. Haig: Honourable senators, I am afraid I do not view this legislation in the same way as some honourable members do. Perhaps my experience has been different from theirs, but I have never found people to complain when they have been able to borrow from a loan company. They have only complained when a loan company has demanded exorbitant interest rates. I might say quite candidly to my honourable friend from Ottawa West (Hon. Mr. Connolly) that we in western Canada are finding it difficult to sell such products as grain, cattle and hogs on foreign markets. If I had any spare money I don't know that I would be anxious to buy stock in this company. It is taking all the risk. We are taking none at all. No dominion Government is going to go into the foreign investment market, at least I hope not. We can get into enough trouble in our home investment market. The present Government, like the previous one, has engaged in new deals—financing industries, and one thing and another. The federal Government has been engaged in the financing of railways for a very long time, but has not made much success of the railways, as all of us know. If there is a body in Canada that is willing to put up money to make loans to foreign countries in order to facilitate the sale of our goods to those countries, I for one have no objection, and I am confident that the people in the province I represent would be one hundred per cent in support of this bill. The problem we face if, for instance, we wish to sell grain to Poland, or to any other foreign country, is that we cannot feel sure of being paid right away. Our farmers have no organization to find out whether the government of another country is good for the money or not. The corporation that is proposed by this bill would have the means to ascertain if the credit of another country is good and whether the goods would be paid for or not. I have always found that the fellow who is in the business of lending money is always a good business man and able to look after difficulties as they arise. The fellow I always feel sorry for is the one who has made and saved some money and makes loans personally. He generally ends up in the ditch.

Honourable senators, there may be some merit in the points my friend has raised, but we can take care of them in committee. If there is one thing that this house can take credit for, it is in being a capital body in committee. When a bill gets to committee we try to clear up all misunderstandings concerning it, and I think we are quite capable of doing so. While the honourable member from Hanover (Hon. Mr. Brunt) may be a very able man, I think the rest of us can take care of him when a bill is being discussed in committee.

Hon. Mr. Brunt: I am the first to admit that.

Hon. Mr. Macdonald: A pretty difficult task.

Hon. Mr. Haig: I do not think we would give in to any power that might be to the detriment of Canada. Of all the legislative bodies in Canada, this house represents that side of Canadian opinion that is terribly anxious to see that the man who has had no training in law, or who lacks experience, does not get a bad deal against himself from some others in his own country. We will see to it, therefore, that this legislation does not give anyone any special power over the Canadian borrower. At the same time, I want reputable lenders to have every encouragement. If they are able to lend money to foreign countries, such as China, for instance—for we have been trying to do business with that country—let them go ahead. The Government should not do it. In fact, I would vote solidly against the Government doing so. I for one would do my very best in committee to make the legislation look as attractive as possible to men who are willing to put up the necessary money required, because I am positive Canada would benefit from it now and in the years to come.

Hon. Mr. Brunt: Honourable senators,—

Hon. Mr. Macdonald: Are you closing the debate?

The Hon. the Speaker: May I remind the honourable senator that if he speaks now, it will have the effect of closing the debate.

Hon. Mr. Brunt: Honourable senators, my friend from Ottawa West (Hon. Mr. Connolly) referred to clause (b) of clause 6 of the bill, which says that the corporation may

—purchase and sell securities, coin, bullion and exchange and guarantee securities.

Am I right in assuming that he had some doubt that it would be lawful for this company to deal in bullion? Anybody can deal in bullion today. You can go down to the Toronto stock exchange and deal in it.

Hon. Mr. Connolly (Ottawa West): You can even buy gold.

Hon. Mr. Brunt: Yes, you can even buy gold; and bullion is generally considered as gold.

Honourable senators, in connection with loans to foreign governments, I realize that if I started to enumerate every type of loan which might be made to a foreign government we would be here most of the afternoon. I have three examples here of what the company proposes in respect to loans to foreign countries. They are not all inclusive, but they will give honourable senators some idea of the thinking of the sponsors of the bill.

The first example they give is this: A government wishes to purchase Canadian-made fire-fighting apparatus and pay for it over a period of five years; such a loan they would be glad to entertain. The second example: The government of a small country wishes to build a public highway, and for this purpose will engage Canadian engineering skills, a Canadian roadbuilding contractor, and will purchase steel and other supplies and equipment in Canada; such a loan would be entertained by this corporation. The third example: A government wishes to purchase—and I am sure the honourable senator from Winnipeg (Hon. Mr. Haig) will be glad to hear this—Canadian food products—wheat, barley, oats, rye—and will make payment over a period of five years; a loan for that purpose to a foreign government would be entertained.

Hon. Mr. Connolly (Ottawa West): No such loans are made by banks now?

Hon. Mr. Brunt: No, I do not think there is any bank in Canada today that makes a loan to a foreign government. I believe the banks have a two-year limit on loans today.

Hon. Mr. Connolly (Ottawa West): Loans can always be renewed.

Hon. Mr. Aseltine: The two-year limit does not apply to loans for housing.

Hon. Mr. Brunt: Oh, no.

Hon. Mr. Aseltine: Well, they are a special type.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Hon. Mr. Brunt, bill referred to the Standing Committee on Banking and Commerce.

BUSINESS OF THE SENATE

Hon. Mr. Aseltine: Honourable senators, that is the last item on our order paper for today. The only item of any urgent importance to be dealt with before the Senate adjourns for the Easter recess is consideration of the final supplementary estimates. Honourable senators have had these estimates in their possession for a week or more, and have been able to study them. Some honourable senators have sent me questions they would like to have answered when these estimates are being considered here. I may say the House of Commons is still dealing with the estimates; a moment or so ago I was informed there were 40 or more votes awaiting consideration. Under its rules the Commons will not be able to continue dealing with the estimates beyond 5 o'clock. At that hour it must take up private members' bills. In that house Monday is private members' day, so if we do not receive the supplementary estimates today there will be no object in adjourning till Monday. In those circumstances we could adjourn until Tuesday evening, in the hope that by then the supplementary estimates would have been passed and sent to the Senate. Royal assent could perhaps be given to them, and to the supply bill and other bills, that evening or the following afternoon.

What I had in mind when I came into the chamber, honourable senators, was that if the supplementary estimates had not reached us by the time we were ready to adjourn we should adjourn during pleasure, to come back at the call of the bell, around 5 o'clock. By then we should know what the prospects are. That is what I now suggest. I see the honourable Leader of the Opposition (Hon. Mr. Macdonald) nodding his head, so I make a motion to that effect.

On motion of Hon. Mr. Aseltine, the Senate adjourned during pleasure.

At 5 p.m. the sitting was resumed.

Hon. Mr. Aseltine: Honourable senators, I wish to make an announcement with respect to further sittings of the house.

It has been decided in the other place to continue to discuss the supplementary estimates until 6 o'clock, without taking up any private bills. It is therefore possible that these estimates will reach us today, and in the circumstances I think we should again adjourn during pleasure, to meet at 6 o'clock.

The Hon. the Speaker: In that event, would we have royal assent tonight?

Hon. Mr. Aseltine: I cannot say yet, Mr. Speaker, but at six o'clock we ought to know whether or not we should adjourn until Monday.

Hon. Mr. Smith (Queens-Shelburne): May I ask the Leader of the Government this: If the bill comes before us tonight, will we have any opportunity whatever to ask questions on any of the items contained in it?

Hon. Mr. Aseltine: Yes. I have the answers to the questions that my honourable friend told me he would ask.

On motion of Hon. Mr. Aseltine, the Senate adjourned during pleasure.

At 6.15 p.m. the sitting was resumed.

APPROPRIATION BILL NO. 3

FIRST READING

A message was received from the House of Commons with Bill C-36, an Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1959.

Bill read first time.

SECOND READING

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

Hon. W. M. Aseltine: With leave, I move the second reading now.

I should like to draw attention to the fact that the further supplementary estimates have been in the hands of honourable senators for a week or more, and if any honourable members have not brought their copies with them, there are others available for distribution. I know that honourable senators have studied these estimates carefully, and for that reason I may not be required to give such a detailed explanation as I might otherwise do. The honourable gentleman from Queens-Shelburne (Hon. Mr. Smith) gave me notice that he would ask certain questions, and I hope to be able to satisfy him with the proper answers.

It will be seen that Vote No. 723, in the amount of $15,017,182, is required to cover the net operating loss of the Agricultural Stabilization Board. That is one of the large items, and later on I shall give a brief explanation of it. Another large vote is No. 734, having to do with the cost of providing flour for Palestine refugees; the amount is $1,500,000. Vote No. 741 has to do with the furnishing of wheat and flour to commonwealth countries in south and southeast Asia to relieve food shortages up to April 1, 1960: the amount is $13,500,000. In Vote No. 752 provision is made for the cost of administration of the Unemployment Insurance Act, $2,227,000. Vote No. 764 covers reduction of loans made by the Minister of Finance to the old age security fund, $184 million. Vote No. 788 is for another large amount, $51,591,424, to provide for the Canadian National Railways deficit. These six votes I have mentioned total $267,835,606, and constitute by far the greater part of the total supplementary estimates contained in the bill.

Honourable senators, I said I would give a brief explanation of each of these large items. First of all I will deal with Vote 723. The Agricultural Stabilization Act chapter 22, Statutes of 1957-58, provides authority for the establishment in the Consolidated Revenue Fund of an account known as the Agricultural Commodities Stabilization Account. It also provides authority to credit this account with all moneys received by the board from its operations and to make expenditures out of the Consolidated Revenue Fund under this act providing that the debit balance in the account shall not be greater than $250 million.

The act also directs as follows:

> At the end of each fiscal year the Minister of Finance shall determine the net profit or loss on the operation of the account for that fiscal year, and if he determines that there is a net profit it shall be charged to the account, but if he determines that there is a net loss no amount shall be credited to the account in respect thereof without the authority of Parliament.

It has been the practice for several years to include an item in the final supplementary estimates for the purpose of reporting the results of the annual operations under the act, and to gain parliamentary authority to recoup the account for any known loss sustained throughout the year. An amount of $15,017,182, is being voted for that purpose.

I now wish to make a few remarks with regard to Vote 734, which has to do with the purchase of flour for the United Nations Relief and Works Agency for Palestine Refugees in the Near East. The amount is $1,500,000. This agency has been supplying food, shelter and medical care, as well as such rehabilitation facilities as funds permitted, to the Arab refugees.

In 1958 Canada gave its usual cash contribution of $500,000 to U.N.R.W.A. and also $1,500,000 as a special flour contribution similar to the contribution now proposed. For 1959, a $500,000 cash contribution is included in the main estimates. It is expected that this flour will begin to move almost immediately, and for that reason the item is included in these estimates.

I would like to make some remarks now with regard to Vote 735, which has to do with the Canadian Government's assessment toward financing the United Nations Emergency Force in respect to the calendar year 1959. The amount is $458,118. Along with our assessment for membership in the United Nations Organization there was received this year a notice of assessment toward the financing of United Nations Emergency Force, which has operated on the borders of Egypt since November, 1956. This item represents Canada's share, as one of the members of the United Nations, of the 1959 costs of maintaining that Emergency Force. It will be recalled that this force was organized in 1956 without prior agreement as to the reimbursement of costs incurred. Canada was one of the main contributors of military services for the force. It has now been agreed in principle that the United Nations will reimburse Canada for the costs of maintenance of spare parts required for unit equipment and aircraft, for food and billeting costs overseas and for transportation costs outside of Canada. An amount of $1,827,729 is expected to be refunded to Canada by the United Nations during the current year on this account. Such refunds are paid to the Consolidated Revenue Fund, but we require the $458,118 to make up the difference.

Vote 741 has to do with the purchase of wheat and flour to be given to commonwealth countries in South and Southeast Asia to relieve food shortages. It is one of the large items, and provides for the gift of $13½ million of wheat and wheat flour, or some 8 million bushels, to the Commonwealth Colombo Plan countries. It is expected that the wheat and wheat flour will start moving as soon as the necessary shipping arrangements can be made, and that all of it will have moved not later than the end of the current crop year.

Vote 764 is a very large item having to do with the reduction in the amount owing by the Old Age Security Fund, pursuant to section 11 of the Old Age Security Act, in an amount equal to the amount of outstanding temporary loans made by the Minister of Finance to the fund before the first day of April 1959. In that connection, honourable senators, may I say that under the authority of section 11 of the Old Age Security Act payments of old age pensions are charged to the special account called the Old Age Security Fund, to which are credited from time to time the amounts collected from the special assessments of two per cent on personal incomes, two per cent on corporation profits, and two per cent sales tax. To cover off temporary deficits arising in the fund, the Minister of Finance may direct that the necessary amounts be credited to the fund as temporary loans, to be repaid and charged to the fund in such manner as he directs.

Vote 788 is another large item. It covers the Canadian National Railways deficit for 1958, in the amount of $51,591,424. In this connection, I would like to inform honourable senators that section 9 of the Canadian National Financing and Guarantee Acts of 1957 and 1958 authorized the Minister of Finance to make advances to the Canadian National Railways Company on deficit accounts to enable the company to meet its current financial obligations, subject to reimbursement from the annual revenues of the company in so far as such revenues are sufficient, and any insufficiency shall be provided by subsequent appropriation by Parliament. Advances made to the Company by the Minister of Finance on account of the 1958 deficit under the above statutes are recoverable from this appropriation.

Honourable senators, that gives a brief explanation of the six votes or so that I mentioned when I made my opening remarks. In view of the fact that they cover the greater part of these further supplementary estimates, I thought it as well to give honourable senators as much information as I am able to give at the present time.

I am informed by the honourable senator from Queens-Shelburne (Hon. Mr. Smith) that he has certain questions to ask me, and I would like, with the leave of the Senate, to deal with them now, if he will put them to me.

Hon. Mr. Smith (Queens-Shelburne): I will be very glad to. First I want to thank the honourable Leader of the Government (Hon. Mr. Aseltine) for making use of the notice I gave him a few days ago of the questions I am going to ask.

My first question is in connection with vote 718, Department of Agriculture, Marketing Service. This is an item for subsidies paid to cold storage warehouses. My curiosity was aroused because one item is a very small one and the others are not so very large, for the provinces of Newfoundland, Quebec and Ontario. I would like to know what the situation was with regard to the other Maritime provinces, and in particular Nova Scotia, and I would appreciate it if the leader could provide the names of applicants for subsidies for cold storage facilities in Nova Scotia during the last three years, the names of those to whom subsidies were granted, and the amount of each subsidy.

Hon. Mr. Aseltine: I will be glad to give the answer. I thank the honourable senator for giving me advance notice of his questions. It has helped me a great deal, because in studying these supplementary estimates it is very hard to keep in mind all the details.

Hon. Mr. Macdonald: You do very well.

Hon. Mr. Aseltine: The answer to the honourable senator's question is as follows:

In 1956, Bridgeport Co-operative Small Fruits Association, Bridgeport, Nova Scotia, received an approved subsidy of $35,571. In 1957, A.C.A. Co-operative Association Limited, of New Minas, Nova Scotia, received an approved subsidy of $56,834. In 1958, Eastern Co-operative Services Limited, Sydney, Nova Scotia, received an approved subsidy of $50,000.

Hon. Mr. Smith (Queens-Shelburne): Will the honourable leader furnish the names of all applicants who might have applied for subsidies over the last three years? I am wondering whether or not some applications were made that the Department of Agriculture did not see fit to deal with in such a way as to make subsidies available to the applicants.

Hon. Mr. Aseltine: I do not think I have the answer to that question, but in view of the fact that these subsidies were granted I presume they were asked for.

Hon. Mr. Smith (Queens-Shelburne): Yes, but my question is whether or not there were other applicants for subsidies whose applications were not granted.

Hon. Mr. Aseltine: I am sorry I have no information on that point.

Hon. Mr. Smith: Would the honourable leader let us have the answer some time later?

Hon. Mr. Aseltine: I will take notice of your question and I will see that the answer is placed on *Hansard* in due course.

Hon. Mr. Smith (Queens-Shelburne): Thank you very much.

While I am on my feet may I ask a question with relation to item 779, Department of Transport, Marine Services, Steamship Inspection Service. What is the purpose of the contribution to the Dominion Marine Association of Toronto, Ontario? We have so few opportunities to ask questions of this kind when final estimates come to us, as we are usually in a greater rush than we are tonight. If the honourable leader has the answer to that question I would like to have it.

Hon. Mr. Aseltine: The purpose of the contribution is to provide financial assistance to the Dominion Marine Association toward the maintenance of a Marine Engineering School in Toronto to prepare candidates for Department of Transport examinations with a view to obtaining certificates of competency as marine engineers.

Hon. Mr. Smith (Queens-Shelburne): Thank you very much.

May I now ask a question with regard to item 786, also a Department of Transport item, relating to Steamship Services, Yarmouth, Nova Scotia-Bar Harbour, Maine Ferry? What is the total estimated deficit for the year 1958-59? I would also like to know whether the honourable leader is in a position to put on record the number of passengers, automobiles, and trucks entering or leaving Yarmouth by the steamship *Bluenose*. Those of us who are from Nova Scotia have received all sorts of requests to provide some extra service connecting Nova Scotia with the United States, and I am wondering whether the Government of Nova Scotia has requested assistance with respect to additional steamship service between the province of Nova Scotia and the United States.

Hon. Mr. Aseltine: I will do my best to answer the honourable senator's question.

The total estimated deficit for 1958-59 for the Yarmouth-Bar Harbour ferry is $203,346. The number of passengers, automobiles and trucks entering and leaving Yarmouth in 1958 by way of the ferry is as follows:

	Leaving Yarmouth	Entering Yarmouth	Total
Passengers	44,140	43,866	88,006
Automobiles	12,859	13,424	26,283
Trucks	1,386	1,213	2,599

My honourable friend also gave notice of this question:

Has the Government of Nova Scotia requested assistance with respect to the providing of additional steamship services between Nova Scotia and United States?

The Department of Transport advises that they have no official record of any recent

representations by the province of Nova Scotia with respect to the Yarmouth-Bar Harbour ferry.

Hon. Mr. Smith (Queens-Shelburne): Honourable senators, may I say that my question did not relate to additional service from Yarmouth to Bar Harbour. My question was with respect to providing additional service between Nova Scotia and the United States, which service could very well be from Shelburne, for instance, to Boston.

Hon. Mr. Aseltine: To some other port?

Hon. Mr. Smith (Queens-Shelburne): Yes. I was wondering if any discussions were being held between the two Governments with respect to some other service to be provided between our province of Nova Scotia and the United States.

Hon. Mr. Aseltine: My answer does not seem to go far enough. I shall get the information for the honourable senator and see that it is placed on the record.

Hon. Mr. Smith (Queens-Shelburne): I am grateful to the leader.

Hon. Mr. Aseltine: That, honourable senators, is a brief explanation of the main items of the supplementary estimates.

Hon. W. Ross Macdonald: Honourable senators, this is the third supplementary estimates bill that has come to us during the present fiscal year. It is a financial bill, has been approved by the other house, and I have no doubt will be approved by this house. In effect, there is very little point in our voting against the bill, because practically all the money has been spent; at least if it has not been spent, it will be spent by March 31.

I should, however, point out—and this is all I intend to say—that in passing this bill we are approving the final items of the largest expenditures ever been made in one year by any Government of Canada.

If honourable senators will refer to the main estimates that were tabled during this fiscal year, they will note that the amount was $5,178,800,000. The first supplementary estimates amounted to $116,800,000; the second supplementary estimates amounted to $28 million; and the supplementary estimates now before us amount in all to $284,942,864. If honourable senators total the supplementary estimates and add them to the main estimates, they will find, as I said a moment ago, the grand total is greater than any amount ever spent by any Government in Canada, either during war or in peace.

I emphasize that by the passage of this bill for $284 million-odd, we are actually approving the total expenditures of this huge amount to which I have referred.

I wish I could have been as courteous as the honourable member from Queens-Shelburne (Hon. Mr. Smith), and have given the honourable Leader of the Government (Hon. Mr. Aseltine) notice of the question I am going to ask, but it came only recently to my attention. If he has not the information now I hope he will make it available early after the Easter recess.

I said at the beginning of my remarks that all this money has been or is being spent or will be spent by March 31. In that statement I am not correct, because, if honourable senators will look at Vote No. 734, on page 5 of the bill, they will notice under the heading, "External Affairs—Terminable Services":

> Purchase of flour to be given to the United Nations Relief and Works Agency for Palestine Refugees in the Near East,—Further amount required and, notwithstanding section 35 of the Financial Administration Act, to authorize payments to be made pursuant to this vote up to the 1st day of April 1960.

Honourable senators will also observe Vote 741, which reads as follows:

> Purchase of wheat and flour to be given to commonwealth countries in South and South-East Asia to relieve food shortages and, notwithstanding section 35 of the Financial Administration Act, to authorize payments to be made pursuant to this vote up to the 1st day of April, 1960.

The estimate is for the financial year which begins April 1, 1959 and extends to March 31, 1960, and it seems to me that this expenditure will be made not during this fiscal year, but during the next. My question to the honourable leader is, why has this amount been included in the estimates for the fiscal year which is about to close? I am not going to suggest that it is added to this amount so that next year's expenditures will not appear to be as large as they really are—probably another record is to be established next year in connection with expenditures—but I wish the honourable leader would explain why we are asked to approve tonight of an expenditure which will not be made until the next fiscal year.

Hon. Mr. Aseltine: The memorandum I have here in this connection is that it is expected the flour will begin to move immediately.

Hon. Mr. Macdonald: Yes, but the expenditure is not to be made until next year.

Hon. Mr. Aseltine: It will be if the flour is moved now.

Hon. Mr. Macdonald: Only for the flour which is moved this year.

Hon. Mr. Power: The honourable Leader of the Government said that this flour would be moved before the end of the crop year, which is when, July?

Hon. Mr. Aseltine: The 31st day of July. I think this question was answered in the other place, but if the reply then given is not satisfactory I shall furnish the answer, perhaps before we adjourn tonight.

Hon. Mr. Macdonald: Certainly the answer is not satisfactory. Even if the movement of the flour began today and the money was spent today, it should be included in these estimates. If the flour is to be moved after April 1, then the money will be spent after April 1 and should be included in the estimates for next year.

Hon. Mr. Brunt: Presumably the department had to buy the flour so that they could begin to ship it out, and that is the reason the item is in the estimates.

Hon. Mr. Macdonald: I don't think so. I don't believe the money has been spent.

Hon. Mr. Brunt: There may be a commitment to the flour mills, and for that reason the amount is included. However, we shall get a further explanation.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. Mr. Aseltine: Honourable senators, I move that the bill be read the third time now, so that it may be given royal assent along with other bills later this evening.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker: Honourable senators, I have the honour to inform you that I have received the following message from the secretary to the Governor General:

GOVERNMENT HOUSE
Ottawa

March 20, 1959.

Sir:

I have the honour to inform you that the Honourable Patrick Kerwin, P.C., Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate Chamber today, the 20th March, at 7.15 p.m., for the purpose of giving royal assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Lionel Massey,
Secretary to the Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

Hon. Mr. Higgins: Honourable senators, as you know, Disraeli once said that only the young are disappointed. I am beginning to think that if a certain eventuality had not taken place here quite a number of older people would have been very disappointed. We ought to be thankful to the members of the other house for expediting the passage of this supply bill so that we older people would not be disappointed.

On motion of Hon. Mr. Aseltine, the Senate adjourned during pleasure.

ROYAL ASSENT

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

An Act for the relief of Lise Nolet Lunghi.

An Act for the relief of Margaret Stewart Cairns Bamber.

An Act for the relief of Gertrude Czerny Thomschitz, otherwise known as Gertrude Czerny Thomas.

An Act for the relief of Miriam Hirsh Leff.

An Act for the relief of Phyllida Fairbairn Smith Draper.

An Act for the relief of Janos Sztecsinics, otherwise known as Jean Sztecsinics.

An Act for the relief of Margaret Craig Murdoch.

An Act for the relief of Nita Stella Pollock Adams.

An Act for the relief of Enis (Ines) Vit Desnoyers.

An Act for the relief of Helen Elizabeth MacDonald Downey.

An Act for the relief of Silvia Frederike Diethilde Beate Angela Buchsel Fatter.

An Act for the relief of Marie Cordelia Marie-Ange Pigeon Gaboriau dit Lapalme.

An Act for the relief of Jeannine Genevieve Jagelavicus Kusleika.

An Act for the relief of Viola Bleier Josephovits.

An Act for the relief of James John Thomson Keay.

An Act for the relief of Constandina Alimanisteanu Butas.

An Act for the relief of Viola Gertrude Elizabeth Boyd Theroux.

An Act for the relief of Sydney Arthur Powell.

An Act for the relief of Geraldine Joy Conway Cook.

An Act for the relief of Joan Natalie Miller Martin.

An Act for the relief of Jeanne d'Arc Gravel Senecal.

An Act for the relief of Barbara Mary Scott Norman.

An Act for the relief of Alice Schleicher Dorotich.

An Act for the relief of Mary Jane Holmes Phillips.

An Act for the relief of Barbara Lorrain Campbell Clarke.

An Act for the relief of Helen Margaret Davidson Beckett.

An Act for the relief of Ruth Dankner Liberman.
An Act for the relief of Norma Mary Rose Purchard Clarkin.
An Act for the relief of Eva Greenblatt Besner.
An Act for the relief of Ruth Millstein Backman.
An Act for the relief of Percy Kark Claxton.
An Act for the relief of Marion Beulah Francis Meehan.
An Act for the relief of Nina Olga Titow Dorion.
An Act for the relief of Sylvia Florence Van Straten Weber.
An Act for the relief of Joseph Fernand Roger Boucher.
An Act for the relief of Jacqueline Shirley Mary Parnell Gardner.
An Act for the relief of Esther Daisy Moynan O'Regan.
An Act for the relief of Susan Pick Bereznik.
An Act for the relief of Josephine Zauberman Schiller.
An Act for the relief of Hanna Liselotte Gertrud Tiegs Kallus.
An Act for the relief of Dorothy Louisa Stradwick Coffin.
An Act for the relief of Marc Aurele Bourget.
An Act for the relief of Marie Yolanda Marotta Henshaw.
An Act for the relief of Bernice Sylvia Sinclair Somerville.
An Act for the relief of Judith Ortenberg Baxt King.
An Act for the relief of Yaroslavna Zonia Lazarowich Johnson.
An Act for the relief of Gertrude Scharge Izenberg.
An Act for the relief of Joseph Moreau.
An Act for the relief of Sydney Hislop, otherwise known as Sidney Hislop.
An Act for the relief of Lenoir Grace Spencer Jennings.
An Act for the relief of Olive Florence Andrews Bowness.
An Act for the relief of Pearl Severs Schrieder.
An Act for the relief of Vivien Joyce Taylor Ross.
An Act for the relief of Jacqueline Jeanne Lamy Harper.
An Act for the relief of Kathleen Iris Daunt Robinson.
An Act for the relief of Jacques Flahault.
An Act for the relief of Gladys Allen Marvin.
An Act for the relief of Miriam Keppel Segel.
An Act for the relief of Ronald Ernest Fyfe.
An Act for the relief of Elsie Elizabeth Wand Bourret.
An Act for the relief of Margaret Sonia Lawrence Canny.
An Act for the relief of Andree Pauline Dorothy Pryce Clarke.
An Act for the relief of Henry Frank Whiston.
An Act for the relief of Rita Thibeaudeau Cardinal.
An Act for the relief of Janine Sutto Dagenais.
An Act for the relief of Evangeline Vaughan Fortin.
An Act for the relief of Gloria Helen Gross Caplan.
An Act for the relief of Thelma Georgine Ferguson Strathy.
An Act for the relief of Percy Herbert Manuel.
An Act for the relief of Irene Balk Goodson.
An Act for the relief of Jean Grant Shacklock.
An Act for the relief of James Kennedy Andrews.
An Act for the relief of Lillian Haber Rudner.
An Act for the relief of Esther Lilian Issenman Rosen.
An Act for the relief of Ana Nili Indursky Seeman.

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An Act for the relief of Joan Howell McShane McNulty.
An Act for the relief of Euphemia Caldwell Miller Armitt Esber, otherwise known as Effie Monas Esber.
An Act for the relief of Goldie Yelin Freedman.
An Act for the relief of Claire Segal Pottel.
An Act for the relief of Klara Schillinger Aschner.
An Act for the relief of Bernice Helena Peritz Loeb.
An Act for the relief of Margaret Soll Rajeczky.
An Act for the relief of Audrey Edna Watson Robert.
An Act for the relief of Abbie Alice Mahon Reed.
An Act or the relief of Alice Christine Leduc Patrick.
An Act for the relief of Georgina Joan Saunders Smith.
An Act for the relief of Bryan Mills Taylor.
An Act for the relief of Dorothy Sarah Sheehan Burchmore.
An Act for the relief of William Irvine Moore.
An Act for the relief of Audrey Lynn MacGillivray.
An Act for the relief of Sarah Goldarb Nash.
An Act for the relief of Witolda Poplawska Wojciechowski.
An Act for the relief of Martha Waugh McClure.
An Act for the relief of Leslie Ronald Cant.
An Act for the relief of Cecile Desjardins Morin.
An Act to incorporate The Waterloo Mutual Insurance Company.
An Act respecting The Canadian Medical Association.
An Act respecting Gore District Mutual Fire Insurance Company.
An Act respecting The North American Accident Insurance Company.
An Act respecting Baloise Fire Insurance Company of Canada.
An Act respecting The Boiler Inspection and Insurance Company of Canada.
An Act to amend the National Housing Act, 1954.
An Act to amend the St. Lawrence Seaway Authority Act.
An Act to amend the Fisheries Improvement Loans Act.
An Act to amend the National Defence Act.
An Act to amend the Trans-Canada Highway Act.
An Act to amend the Public Servants Inventions Act.
An Act to amend the Northwest Territories Act.

Hon. Roland Michener, Speaker of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray certain expenses of the public service.

In the name of the Commons, I present to Your Honour the following bills:

An Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1960.

An Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1959.

To which bills I humbly request your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the royal assent to the said bills.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

ADJOURNMENT

Leave having been given to revert to motions:

Hon. Mr. Brunt: Honourable senators, with leave of the Senate, I move, seconded by the Honourable Senator Quinn, that when the Senate adjourns today it stand adjourned until Tuesday, April 14, 1959, at 8 p.m.

Motion agreed to.

The Senate adjourned until Tuesday, April 14, at 8 p.m.

THE SENATE

Tuesday, April 14, 1959

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

Prayers.

PARLIAMENTARY SECRETARIES BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-37, to provide for the appointment of Parliamentary Secretaries to Ministers.

Bill read first time.

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

Hon. W. M. Aseltine: Thursday next.

DOCUMENTS TABLED

Hon. Mr. Aseltine: Honourable senators, I have some 16 reports to lay on the table, and I would like to do so without reading them this evening. The list will appear in our records tomorrow.

Hon. Mr. Macdonald: Agreed.

Hon. Mr. Aseltine: Then I will hand in the list.

Copy of a letter, dated March 26, 1959, sent by the Prime Minister of Canada to each of the Provincial Premiers, excepting the Premier of Quebec, concerning Civil Defence.

Copy of a letter, dated March 30, 1959, sent by the Prime Minister of Canada to the Premier of Quebec, concerning Civil Defence. (French text).

Budget Papers for the information of Parliament, in connection with the Budget of 1959-60. (English and French texts).

Report of the Department of Public Works for the fiscal year ended March 31, 1958, pursuant to section 34 of the Public Works Act, Chapter 228, R.S. 1952. (French text).

Report of Proceedings under the Trans-Canada Highway Act, for the fiscal year ended March 31, 1958, pursuant to section 9 of the said Act, Chapter 269, R.S. 1952. (French text).

Report of the Department of Fisheries for the fiscal year ended March 31, 1958, pursuant to section 8 of the Department of Fisheries Act, Chapter 69, R.S. 1952 (English text).

Report of the Superintendent of Insurance on Small Loans Companies and Money-lenders, for the year ended December 31, 1957. (English text).

Capital Budget of the Canadian Farm Loan Board for the fiscal year ending March 31, 1960, together with Order in Council P.C. 1959-329, dated March 21, 1959, approving same, pursuant to section 80(2) of the Financial Administration Act, Chapter 116, R.S. 1952. (English text).

Estimates of Expenditure and Budget of the National Battlefields Commission for the fiscal year ending March 31, 1960, together with Order in Council P.C. 1959-330, dated March 21, 1959, approving same, pursuant to section 80(2) of the Financial Administration Act, Chapter 116, R.S. 1952 (English text).

Report of the Department of Defence Production for the year ended December 31, 1958, pursuant to section 34 of the Defence Production Act, Chapter 62, R.S. 1952. (English and French texts).

The Canada Gazette, Part II, Statutory Orders and Regulations, 1959, Wednesday, March 25, 1959, pursuant to section 7 of the Regulations Act, Chapter 235, R.S. 1952. (English and French texts).

Report of Trans-Canada Air Lines for the year ended December 31, 1958, pursuant to section 28 of the Trans-Canada Air Lines Act, Chapter 268, R.S. 1952. (English and French texts).

Auditors' Report on the accounts of Trans-Canada Air Lines for the year ended December 31, 1958, pursuant to section 29 of the Trans-Canada Air Lines Act, Chapter 268, R.S. 1952. (English and French texts).

The Canada Gazette, Part II, Statutory Orders and Regulations, 1959, Wednesday, April 8, 1959, pursuant to section 7 of the Regulations Act, Chapter 235, R.S. 1952. (English and French texts).

Report of the number and amount of loans to Indians made under section 69(1) of the Indian Act for the fiscal year ended March 31, 1959, pursuant to section 69(6) of the said Act, Chapter 149, R.S. 1952. (English text).

Report of the number and amount of loans to Immigrants made under section 69(1) of the Immigration Act for the fiscal year ended March 31, 1959, pursuant to section 69(6) of the said Act, Chapter 325, R.S. 1952. (English text).

PRIVATE BILL

LUTHERAN CHURCH IN CANADA—
FIRST READING

Hon. W. D. Euler presented Bill S-18, to incorporate the Lutheran Church in Canada.

Bill read first time.

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

Hon. Mr. Euler: Thursday next.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 167 to 198 and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

MEDWAY RIVER SALMON REARING PONDS

INQUIRY AND ANSWER

Hon. Donald Smith inquired of the Government, pursuant to notice:

With respect to salmon-rearing facilities on the Medway River at Charleston, N.S.—

(1) What financial contribution has been made by the federal Government for (a) operation, (b) construction and maintenance?

(2) What is the number of young salmon released directly from these facilities into the Medway River?

(3) How does the size and condition of the released young salmon compare with those of the same age from rearing ponds wholly owned and operated by the federal Government in Queens County, N.S.?

(4) What consideration is being given to federal participation in the enlargement of such facilities on the Medway River?

Hon. W. M. Aseltine: Honourable senators, I have the following answers to the honourable gentleman's inquiry:

1. (a) None.
(b) None.
2. 47,500.
3. No information available.
4. Federal Government will co-operate by supplying small fish and by giving advice but will not otherwise participate.

MEDWAY RIVER SALMON FISHWAYS

INQUIRY AND ANSWER

Hon. Donald Smith inquired of the Government, pursuant to notice:

(1) During 1958 how many Atlantic salmon were taken from the Medway River, Queens County, N.S., its tributaries and adjacent coastal waters by
(a) Anglers,
(b) Net fishermen?

(2) For what distance do suitable spawning areas extend in the Medway River and its tributaries above the Nova Scotia Power Commission dam at Harmony?

(3) Does the Department of Fisheries operate a salmon-counting trap and fishway at Harmony?

(4) If so, how many salmon have passed through the Harmony installations for each year of record?

(5) When will the operation of the present counting-trap be discontinued?

(6) What steps are being taken to improve the efficiency of the fishway facilities at Harmony by
(a) New construction,
(b) Provision of a constant flow of water at optimum levels?

Hon. W. M. Aseltine: Honourable senators, I have the following answers to these questions:

1. (a) 1,038.
(b) In Medway estuary and area from Frying Pan Island to Rugged Harbour—368.
2. 72 miles of stream and tributaries.
3. Yes.
4. 1953—17
1954—16
1955— 1
1956— 1
1957— 3
1958— 3.
5. 1959.
6. Complete investigation is planned for 1959 to provide basis for decision as to need for new construction or change in regulated flows.

CIVIL SERVANTS

DESIGNATION—INQUIRY AND ANSWER

Hon. Jean-François Pouliot inquired of the Government, pursuant to notice:

1. Referring to all those who are in the service of the Government of Canada and who are under the head of a department or who are in any Government agency, are there any who are not called Civil Servants nor designated as such?

2. If so, why? And what is the demarcation line for the appellation of Civil Servant?

3. Can the Civil Service Commissioners be properly called or designated as Civil Servants?

4. If not, why?

5. During each one of the last five years, how many persons have been appointed by order in council in the service of the Government of Canada, without any qualifying Civil Service test?

6. Can they all be properly called Civil Servants and designated as such?

7. If not, why?

Hon. W. M. Aseltine: Honourable senators, the following answers have been received from the Civil Service Commission:

1. The expression "civil servant" has not been defined by federal law. Consequently, varying interpretations can be placed on its meaning. Although the expression "civil servant" has no legal definition, the expression "Civil Service" has been defined as follows in the Civil Service Act:

" 'Civil Service' means the civil positions and employees in and under the several departments of the Government of Canada, and in the offices of the Auditor General, the Clerk of the Privy Council, the Governor General's Secretary, the Public Archives, the Board of Transport Commissioners for Canada, the Civil Service Commission, and all other civil positions under and persons in the civil employ of Her Majesty, but not including the members of any commission or board appointed by the Governor in Council."

2, 3 and 4. See 1 above.

5. The total numbers of appointments made by the Civil Service commission without competition during the past five years are set out hereunder:

1954	144
1955	1538*
1956	151
1957	103
1958	119

Although the approval of the Governor in Council was obtained to exempt the appointments referred to above from Section 19 of the Civil Service Act, the actual appointments were made by the Commission, not by the Governor in Council. The reasons for which no examinations were held in these cases are set out in yearly reports to Parliament by the Commission. The Civil Service Commission has no direct knowledge of the number or character of appointments made by the Governor in Council or by Crown agencies that are not subject to the Civil Service Act.

6 and 7. See 1 above.

*Amendment to the Defence Production Act in July, 1955, provided for the continuation of the Department of Defence Production. It was considered in the public interest to continue on a permanent basis those employees who had been on the staff since January 1, 1955, whose services had been satisfactory and who met the requirements of the Civil Service Act as to citizenship and residence in Canada. Approximately 1400 employees were affected.

BRITISH WEST INDIES

CANADIAN TRADE AND CURRENCY RELATIONS —INQUIRY AND ANSWER

Hon. Calvert C. Pratt inquired of the Government, pursuant to notice:

1. If it is their policy to consider the early abandonment of the British West Indies Trade Liberalization Plan which came into effect some years ago to meet the Sterling Dollar exchange problems,

which are now greatly alleviated, and whether in Canadian interests the plan should be regarded as having outlived its purpose and usefulness by reason of the fact that the value of imports from the British West Indies far exceeds the value of Canadian exports to that area, as well as the fact that there is currently going into the British West Indies large amounts of Canadian investment capital.

2. If the Government has made inquiries and is fully aware of the retarding effect the present system of currency clearance has on the sales enterprise of Canadian exporters in its application to the exporting from Canada of all goods except a limited number of items which come under the open general licence and whether they are aware of the fact that, by reason of the more complex procedure required, the exporters in Canada are at a great competitive disadvantage compared with exporters in the United States whose customers in the West Indies can arrange for currency clearances through the medium of their own Governments.

Hon. W. M. Aseltine: Honourable senators, I have the following answers to the honourable gentleman's questions:

1. The Government is well aware of the importance of expanding Canadian trade with the West Indies and is endeavouring to secure the early removal of remaining import restrictions against Canadian goods. The West Indies Trade Liberalization Plan came into effect in 1951 to provide some access to the West Indies for Canadian goods which would otherwise have been excluded from these markets because of dollar exchange difficulties. The need for continuing the Liberalization Plan is related to the progress made in dismantling the remaining restrictions on dollar imports. Since 1951 many of the items covered by the Plan have been transferred to Open General Licence, including potatoes, salted fish, meats, cheese, newsprint, kraft paper, apples and lumber. In the last few months most of the West Indian islands have further relaxed import restrictions in line with the decisions announced at the Commonwealth Conference. Nevertheless, a number of items which are of special interest to Canada, particularly in the field of manufactured goods and processed foods, are still restricted. For these goods, the Plan does ensure access to the West Indies Market. At the end of December, 1958, an announcement was made that the Liberalization Plan would be continued in 1959. Honourable senators may be assured that the usefulness of the Plan to Canada is being kept under close and active review in the light of changing circumstances.

2. The Government is satisfied that on balance Canadian exporters are not at a disadvantage under the Plan, relative to the position of U.S. exporters under the system of licensing applicable to them. The Canadian and U.S. Liberalization Plans were set up along somewhat different lines because of differences in the composition of trade with the West Indies and in the traditional trade relationships with these territories. For Canadian exporters all that is necessary to obtain an import licence from the West Indian authorities is to present a voucher obtained from the Department of Trade and Commerce in Ottawa. The Department has tried to keep the operation of the Plan as simple and flexible as possible. Participants are informed at the beginning of each year of the minimum value of business for which they will be able to obtain import licences. During the course of the year they may be given additional vouchers if unused balances are available. In practice, the Department has been able to approve most of the applications made by Canadian exporters for allocations to ship items covered under the Plan. Many Canadian exporters have testified to the value of the Trade Liberalization Plan in enabling them to maintain their business connections in the West Indies during the last seven years, when our exports to the Islands have been under severe restriction.

CIVIL SERVICE

MERIT SYSTEM—INQUIRY AND ANSWER

Hon. Jean-François Pouliot inquired of the Government, pursuant to notice:

1. In the Civil Service of Canada is there any such thing as the so-called merit system?
2. If so, what is it?
3. Does it apply to appointments by order in council without any previous competitive test?
4. If so, how does it work?
5. If not, why?

Hon. W. M. Aseltine: Honourable senators, I have the following answers to the honourable gentleman's questions:

1. Yes.

2. The Civil Service Act, which has remained substantively unchanged since 1918, provides *inter alia* that "all appointments to the Civil Service shall be upon competitive examination", that "such examinations may be written or oral or in the form of a demonstration of skill or any combination of these, and they shall be of a character fairly to test and determine the relative fitness and ability of candidates actually to perform the duties of the class to which they seek to be appointed, and any investigation of training and experience and any test of technical knowledge, manual skill, or physical fitness that, in the judgment of the Commission, serves to this end may be employed", and that "except as herein provided, the examinations shall be open to all persons who may be lawfully appointed to any position within the class for which they are held, with such limitations as may be specified in the regulations of the Commission as to age, sex, health, habits, residence, moral character and other qualifications that are, in the judgment of the Commission, requisite to the performance of the duties of such positions".

The above extracts from the Civil Service Act are directed to the manner in which initial appointments are to be made to the Civil Service. With regard to promotions within the service, subsection (2) of section 49 of the act states that "promotions shall be made for merit by the Commission upon such examination, reports, tests, records, ratings or recommendations as the Commission may by regulation prescribe".

3. In a relatively few cases, appointments are made without competition to positions which are subject to the provisions of the Civil Service Act. All these appointments, together with the reasons for which no competitive process was employed, are reported annually to Parliament by the Civil Service Commission. After initial appointment, however, all persons in this category are subject to all the provisions of the Civil Service Act, including the provisions relating to promotion referred to above. This, however, does not apply to individuals and groups of individuals in the Public Service who are not subject to the provisions of the Civil Service Act.

4 and 5. See 3 above.

INFLATION

MOTION TO INSTRUCT FINANCE COMMITTEE TO MAKE STUDY—DEBATE CONTINUED

The Senate resumed from Wednesday, March 18, the adjourned debate on the motion of Hon. Mr. Wall:

That the Standing Committee on Finance be instructed to study the threat of inflation in Canada;
That the committee have the authority to send for persons, papers and records, and to report from time to time.

Hon. W. M. Aseltine: Honourable senators, I would sooner be some place else this evening, in view of the fact that during my younger days I had a great deal to do with hockey, having played in quite a few hundred games. But duty comes first.

I will be as brief as possible. During the past few weeks we have heard a great deal about inflation; in fact, I have listened to many speeches in this chamber, impassioned and otherwise, dealing with that question. I have read and re-read those speeches, and I am afraid I am little the wiser. I am still at a loss to distinguish between natural growth and this new thing they call "inflation". When I was a young boy in the Ottawa Valley, in the nineties, life was simple compared with the complexities of our present way of life. Goods and services were then quite cheap and the dollar went a long way. One cent purchased a good deal of candy—more than ten cents will purchase at the present time. In the district where I lived eggs were five cents a dozen; beefsteak and butter were less than ten cents a pound. Many quite large families were raised on $40 a month. A good house could be built for between $600 and $1,000. I remember living in a good brick house of eight rooms that cost only $800. Rents were $5 a month. Of course, we had no automobiles and mechanized farm equipment, no electric refrigerators, washing machines, dryers, dishwashers, radios, television sets, and other luxuries such as we have today. We studied our lessons by the light of a coal-oil lamp, and wore homespun clothes—a good suit could be bought for $5.

Since then we have advanced a long way from a very simple mode of life to the second highest standard of living in the whole world. Ordinary houses now cost ten times as much as the figure I have given. The man who was then paid $40 a month receives $400 a month now. It costs ten times more to live. Is this natural growth, or has not inflation, which is perhaps the same thing, been with us all these years and we are just now discovering it? Have we not had creeping inflation all the time and not recognized it as such until recently?

Honourable senators, I do not intend to continue along this line any further, except to say that the cost of living index which stood in 1939 at 100 has now increased to 186. The greatest increase took place between 1939 and 1951 or thereabouts, and the index figure has gone up gradually since then.

Honourable senators, this motion is now before us as though the present Government were responsible for all the inflation that has taken place. Why was no motion of this kind made during the 22 years the previous Government was in office? And why should the Senate of Canada through its Finance Committee investigate the whole fiscal policy of this Government, or for that matter any other Government, and thus turn itself into a more or less partisan, political body—a thing which we have been trying to avoid ever since I have been a member of this chamber? Of course, we have the power to do such things, even though we have never exercised it at any time previously, to my knowledge. The Senate can do almost anything under the sun except introduce a money bill.

As has been said, the Senate investigated the Income Tax Act and performed a valuable service to the country in bringing about the formation of the Income Tax Appeal Board. The honourable senator from Waterloo (Hon. Mr. Euler) was chairman of that committee at the time. The committee was also responsible for bringing in a report which had as its final result a reduction in the number of arbitrary decisions by income tax division officials. Also, as has been said by the honourable senator from Toronto (Hon. Mr. Hayden), the Senate investigated the gold mining industry and made certain recommendations which were later acted upon. But, honourable senators, those matters were not the same as an investigation of the fiscal policy of this Government or any other Government by a Senate committee.

Also in speeches here attempts have been made to show that the great conversion loan of last year was inflationary and a dismal failure. But we now have the report of the Governor of the Bank of Canada, which reads as follows:

Important and valuable benefits were achieved by the success of the conversion loan campaign through the lengthening of the term of the debt. The reform of the structure of the Government debt, and the contribution it made to improving conditions for the sale of future issues of Government bonds to non-bank investors, were important elements in monetary policy in the broadest sense, and an essential non-inflationary achievement.

I think honourable senators should also remember that at the end of February this year 56.3 per cent of the Government of

Canada debt was held by the public, being an improvement of 10 per cent over the low point of public holdings at the end of September 1958 and only one per cent less than it was in 1957.

I could refer honourable senators to a speech by the Honourable the Minister of Finance, in which he dealt fully with inflation. It was delivered on January 5, 1959 to the Canadian Club in Toronto. But I do not intend to go into that. I could also refer honourable senators to a speech made in Cincinnati on January 17, 1959 by A. T. Lambert, General Manager of the Toronto-Dominion Bank, in which speech he made a very important contribution to this question of inflation. I could also refer you to a brief on inflation submitted to the Government by the Canadian Chamber of Commerce in February, 1959 but I have not time to go into any of these matters tonight.

In this chamber we have been listening to quotations from newspaper editorials and from speeches and sayings by bank executives, financiers, economists and others on this question of inflation until I, for one, am more confused than ever I have been on this question.

But there is one editorial, in the March 14 issue of *Maclean's* magazine, which seems quite sensible to me and perhaps I could give honourable senators a summary of it. It is headed, "Let's not let inflation blind us to unemployment". Briefly, it states that if inflation was the only problem the Government had to face it would be comparatively simple to solve this problem by raising taxes, cutting expenditures, letting interest rates go up and that kind of thing. That would keep our currency hard.

At this point, before I go on summarizing that editorial, I would like to mention an interview I had with a friend of mine on the street. He said to me, "I see you are debating inflation in the Senate." I said "Yes, what do you think about inflation?" He replied, "Oh, I could end inflation in no time." I said, "How would you do that?" He replied "All you have to do is drain off the excess money in the hands of the public by raising taxes, putting a ceiling on wages, goods and services, cutting down on Government spending at all levels, curtailing the social benefits and that kind of thing, and you wouldn't have any more inflation." I said, "But that would ruin the country, and hundreds of thousands more people would be unemployed." He said, "I know that, but you asked me how I would cure inflation and I have told you."

I hear somebody say, probably the advisable thing to do would be to put into effect a system of compulsory savings. I would point out that such a system has never been successfully launched in peacetime and I doubt very much if it could be made to work at this time.

I now return to the editorial to which I referred. It goes on to say that we have other problems, such as some 500,000 persons out of work and looking for jobs. In many cases unemployment insurance benefits have run out. Fishermen of Newfoundland have suffered a famine by nature. These people are in desperate distress. What will anti-inflation measures do for them? Cutting expenditure sounds fine, but in practice Government spending means Government employment. Also, the editorial states, higher taxes and higher interest rates mean fewer jobs due to slackening of industrial activity. It goes on to deal briefly with the great depression and what was said in the United States of America before Roosevelt took over about "Balancing the budget". We heeded that slogan in Canada —but I do not need to go into that, for you know what happened.

The editorial concludes by saying that the situation is different today, or at any rate, it is not so desperate. Nobody has a formula for dealing with inflation and unemployment at one and the same time. Some business leaders seem to think inflation the graver of the two. But no cure is worth while that tries to make inflation better by making unemployment worse.

That is the end of my summary of the *Maclean's* editorial.

Honourable senators, I proceed now with the main point of my address, that the making of economic and financial policy is an area of activity charged to the Government's responsibility. Indeed, ways and means in our federal Government practice is a matter peculiarly intimate to the administration and to the House of Commons. The Government is charged with the determination of expenditure and with the means of raising the appropriate revenue. In both these activities is implied the highest responsibility for the husbandry and promotion of national economic growth in real and lasting terms. No such study as that proposed could at this time serve a purpose useful beyond those functions properly and normally falling to the administration through the instrumentality of the budget.

Through the normal lines of communication the opinions of those outside the Government qualified to discuss the various facets of the economy come to the attention of the Government and are taken under consideration. In addition, the Government has the expert advice of those charged with appraisal of the forces at work in the economy through the

regular channels of Government practice. Under the Canadian system, it is the Minister of Finance who is peculiarly charged with the decision-making function respecting fiscal and monetary policy. As indicated, he has available all the relevant data, opinions and advice. It would be impossible for the proposed study to reach any concrete conclusions without in some measure exercising a function constitutionally assigned to others.

In fact, just such a study of just such a scope as is proposed is annually made by the appropriate authority in the preparation of the budget—appropriate because it is made by the authority vested with the responsibility for making the decisions. The policy of the Government has been clearly enunciated by the Government. It is to preserve and foster sound and stable growth, to maintain the purchasing power of the Canadian dollar. Having this as its aim and objective, it follows that those whose task it is under our system to make fiscal and monetary decisions are most intimately concerned with and aware of the threat of inflation. This process of appraisal and determination has been in progress in the preparation of the budget just handed down in the other place. It was conducted where it should be by those responsible for economic policy.

It is proposed that the Standing Committee on Finance should call witnesses. This, one supposes, suggests the appearance of officials of the Department of Finance and the Bank of Canada as well as such private persons as the committee might deem advisable. The propriety of such persons giving evidence at any time in respect of Government policy —and their testimony could hardly fail to touch on policy, if it were to be useful at all—is doubtful. Yet it is difficult to see how the proposed study could fulfil any significant purpose, other than as a forum for propaganda and political dispute, without the evidence of the experts on whose advice Government policy is based. Having regard for the fact that the testimony of every other kind of expert has been available to all, in copious quantity, in the columns of the daily, periodical and specialized press, it is therefore difficult to perceive what a study of the threat of inflation by the Standing Committee on Finance could usefully add to the sum total of knowledge on the subject.

Honourable senators, in conclusion may I say I have taken the trouble to read again the speeches of Senators Lougheed, Meighen, Dandurand, King and others, and am of the opinion that if they were here today they would not want the Standing Committee on Finance of the Senate to proceed with a study of this kind, which might in the end turn this house into a partisan, political body. I am of the opinion that the mover and seconder of the motion would be well advised to withdraw the motion, and I hope they will do so. We have had a good debate, but if we go ahead with the proposed study there is a possibility that we will turn this chamber into a partisan, political body, a thing which was never intended by the Fathers of Confederation, and which would be most detrimental by creating a dangerous precedent. At best, the discussion in committee would be more or less academic and have a tendency to develop in Canada an "inflation psychosis" which, in my opinion, would be a bad thing.

Honourable senators, I have convinced myself that I should vote against the motion. The Government of the day must stand or fall on its fiscal policy. While the efforts of the Government prior to the 1959-60 budget have been devoted almost entirely to an attempt to solve the unemployment situation, the present budget is a sincere effort to find ways and means to fight inflation and unemployment at one and the same time. Some so-called experts say it cannot be done, but that is what the Government is trying to do, and I know we all wish them every success.

Hon. Mr. Hardy: Would the honourable leader care to give an opinion as to whether it is proper for this house to give any instructions to one of its committees as to what it is to do? I would consider it entirely improper.

On motion of Hon. Mr. Choquette, debate adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, April 15, 1959

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

Prayers.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I table certain reports as follows:

Report of the Canadian National Railways for the year ended December 31, 1958, pursuant to section 40 of the Canadian National Railways Act, Chapter 29 of the Statutes of 1955. (English and French texts).

Report of Canadian National (West Indies) Steamships, Limited, for the year ended December 31, 1958, pursuant to section 85(3) of the Financial Administration Act, Chapter 116, R.S. 1952. (English and French texts).

Auditor's Report to Parliament on the accounts of Canadian National Railway System and of Canadian National (West Indies) Steamships, Limited, for the year ended December 31, 1958, pursuant, respectively, to section 40 of the Canadian National Railways Act, Chapter 29 of the Statutes of 1955, and to section 85(3) of the Financial Administration Act, Chapter 116, R.S. 1952. (English and French texts).

Report of The Canadian National Railways Securities Trust for the year ended December 31, 1958, pursuant to section 17 of the Canadian National Railways Capital Revision Act, Chapter 311, R.S. 1952. (English and French texts).

CANADA COUNCIL

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Gunnar S. Thorvaldson, for Hon. Clarence V. Emerson, Chairman of the Standing Committee on Finance, presented the first report of the committee.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Finance to whom was referred the Report of the Canada Council for the year ended March 31, 1958, report as follows:

Your committee recommend that they be authorized to print 800 copies in English and 200 copies in French of their day to day proceedings.

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

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

Motion agreed to.

APPROPRIATION BILL NO. 3

ANSWERS TO QUESTIONS

Hon. W. M. Aseltine: Honourable senators, when the final supplementary estimates were being discussed in this house on Friday, March 20, two questions were asked by the honourable senator from Queens-Shelburne (Hon. Mr. Smith), and one by the Leader of the Opposition (Hon. Mr. Macdonald). I wish now to file the answers to those questions, so that they may be printed in today's *Hansard*.

Question by Hon. Mr. Smith (Queens-Shelburne):

After being provided with a list of subsidies payable to Co-operatives in Nova Scotia during 1956-1957 and 1958, Senator Smith asked "Whether or not there were other applicants for subsidies whose applications were not granted?"

Answer: No (formal) applications for cold storage subsidies in Nova Scotia were rejected by the government during 1956, 1957 or 1958.

Question by Hon. Mr. Smith (Queens-Shelburne):

Senator Smith wondered "whether the Government of Nova Scotia has requested assistance with respect to additional steamship service between the province of Nova Scotia and the United States".

Answer: Representations regarding additional ferry service from Nova Scotia to the United States, New England seaboard, have been received from a variety of sources, relating in particular to the matter of service between Shelbourne and Boston.

Preliminary review has indicated that there appears to be a reasonable summer potential but raises questions as to the possibility of obtaining reasonable traffic during the rest of the year; and as to the amount of the deficits that would therefore result from such an operation, as well as the heavy capital investment involved.

This matter, however, is continuing to receive study.

Question by Hon. Mr. Macdonald:

External Affairs Votes 734 and 741 in the Further Supplementary Estimates (3), 1958-59, which provide for gifts of wheat and flour to Palestine Refugees in the Near East and to Commonwealth Countries in South and South-East Asia authorize payments to be made up to the 1st day of April, 1960. Senator Macdonald asked why these amounts were included in the "estimates for the fiscal year which is about to close".

Answer: The decisions to propose to Parliament that these gifts be granted was not taken by the government in time to include them in the Main Estimates, 1959-60. The alternative to providing for them in the Final Supps(3) of 1958-59 was to wait until Supps for 1959-60 were tabled normally sometime in June and this was considered to involve too long a delay. It was hoped that shipments could be arranged to commence almost immediately and be completed before the end of the crop year (July 31, 1959). In fact it has been possible to arrange for shipments to begin in May—more than a month sooner than would have been possible if the items had been withheld until normal Supps for 1959-60 could be considered and passed by Parliament.

EUROPEAN COMMON MARKET

IMPORTANCE OF EXPORT TRADE TO CANADA

The Senate resumed from Wednesday, March 18, the adjourned debate on the inquiry of Hon. Mr. Connolly (Ottawa West) drawing the attention of the Senate to the importance of the European Economic Community, known as the Common Market, to the export trade of Canada.

Hon. Wishart McL. Robertson: Honourable senators, the motion of the honourable senator from Ottawa West (Hon. Mr. Connolly) calling to the attention of the Senate the importance of the European Economic Community known as the Common Market to the export trade of Canada immediately attracted my interest and, I think, the interest of all of us, because it is an effort on the part of six major countries of NATO to implement the spirit of article 2 of the North Atlantic Treaty which Canada was so vitally interested in originally and about which, unfortunately, as honourable senators know, nothing was ever done in the ten intervening years and I doubt very much if anything will be done.

The North Atlantic Treaty, honourable senators, was signed on April 4, 1948. Before Canada signed it she insisted that it be something more than a military alliance by requiring the signatories to agree that:

> They will seek to eliminate conflict in their international economic policies, and will encourage economic collaboration between any or all of them.

In the intervening period nothing has been done by the organization to implement that pledge. Today, ten years later, NATO is fundamentally a military alliance and Canada, I believe, honourable senators, stands to suffer most for that reason.

On June 5 an Atlantic congress called by the NATO parliamentary conference will be held in London to review the past and plan for the future. It will be opened by Her Majesty the Queen. Six hundred and fifty delegates will attend, 45 from Canada. Of this total 30 will be non-parliamentarians and 15 members of Parliament.

Hon. Mr. Aseltine: Can the honourable senator tell me how the 30 non-parliamentarians are chosen and who chooses them?

Hon. Mr. Robertson: It is beyond my ability to do so.

The Senate will be represented by the honourable senator from Ottawa West (Hon. Mr. Connolly) and the honourable senator from Lumsden (Hon. Mr. Pearson). Both, I may say, are excellent representatives. Experience has shown that Canada can exercise a decisive influence in conferences of this type if her representatives know in advance what they want and do their homework before going there.

Two excellent and timely motions stand on our Order Paper. One, by the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson), asks that the Standing Committee on External Relations be authorized to review the activities of the North Atlantic Treaty Organization in so far as the interests of Canada are concerned. The other, by the honourable senator from Ottawa West (Hon. Mr. Connolly), seeks to draw our attention to the dramatic developments towards economic collaboration which have taken place outside of NATO by some of our allies on the other side of the Atlantic. May I bespeak for both of the senators the keenest interest and the maximum participation by members of this house in their motions.

Some senators have been delegates to NATO conferences in the past. All senators are qualified by experience and their knowledge of current events to participate. For the moment I intend in what I have to say to concentrate on the motion of the honourable senator from Ottawa West.

In order to make myself perfectly clear honourable senators, and to lay a basis for my argument, I would draw the attention of the house to the fact that the North Atlantic Treaty—the organization known as NATO—is roughly divided into two halves, Europe and North America. The population of the 13 participating European countries is something more than 200 million; and the population of the two countries on this side of the Atlantic is something less than 200 million.

The countries of Europe have small territories and limited natural resources, while the two North American countries, as honourable senators know, are quite different. Europe, or parts of it, has suffered from war devastation; we were unscathed. To a certain extent Europe has lower living standards, although perhaps not as low as we may think; we on this side of the Atlantic have higher standards. On the other hand, our problems have much in common. They, like ourselves, are faced with rising defence expenditures. They, like ourselves, are cursed with all forms of trade restrictions which are pushing up their costs of living and production, and are seriously affecting their chances to export. They welcomed Canadian initiative in having the clauses referring to economic collaboration and elimination of trade rivalries included in the North Atlantic Treaty. They were deeply disappointed when nothing was done. Tired of waiting for NATO to do something, six of them moved outside NATO to accomplish the same ends. The other seven, under the leadership of the United Kingdom, are negotiating to join them.

It would be a mistake to think what has already been accomplished among some of our European NATO partners and what they are seeking to accomplish is being done in the easy way. This successful effort of six countries—France, Germany, the Netherlands,

Italy, Belgium and Luxembourg—who together have formed a Common Market on 170 million people, has not been accomplished without facing almost insurmountable obstacles and difficulties.

Negotiations are still proceeding under the leadership of the United Kingdom to join themselves—that is the remaining seven and the four non-NATO members—into a free trade area with the Common Market. What the outcome will be remains to be seen. Personally, I think the need is so great that they will succeed. Failing that I would expect the remaining eleven to form themselves into a second European Common Market, for I do not believe they, and particularly the United Kingdom, can afford to live alone economically under this current situation.

Hon. Mr. Euler: Would my friend give the names of the other eleven who would like to follow a similar course?

Hon. Mr. Robertson: Well, there are the seven other members of NATO. If I remember correctly, they are the United Kingdom, Denmark, Portugal, Iceland, Norway, Greece and Turkey—the four non-NATO members are Switzerland, Ireland, Sweden and Austria. They are all members of the original O.E.E.C., the Organization for European Economic Co-operation.

In either case—that is, the case of either a single Common Market or two Common Markets—the chief obstacle has been and, I think, will continue to be the reluctance of the United Kingdom to give up the Commonwealth preferences in their present form. I believe—and I base it on a reading of the influential journal *The Economist* and similar publications—the chances are that the Commonwealth preferences will undergo a change. I would expect a proposal to be forthcoming—indeed, it has already been sounded out with the respective Governments—that there should be a broader association between the Commonwealth and Europe, opening the preferences the Commonwealth gives to British industries to Europe, too, and giving Commonwealth producers markets in Europe in return. Whether the Commonwealth preferences will be changed, I do not know, but I think it is probably necessary to do so, even in the case of a second Common Market. So far as I have been able to notice, the great objection of France to Britain's coming into the free trade area was that since France had placed her African possessions or dependencies into the Common Market where Germany, for instance, has just as many rights and privileges as France has, France thought it was a scheme of Britain to get into her North African dependencies and still keep a preferred position in her own Commonwealth and territories. In any event, that is the situation in regard to Europe.

I am sorry that the honourable senator from Blaine Lake (Hon. Mr. Horner) is not here because, while I do not always agree with his conclusions—for he is as staunch a Tory as I am a Grit—the fact is that I have never yet heard a speech from him in this house which failed to have in it something which appealed to me as being down to earth and good common sense. In a speech he made just before the Easter adjournment—honourable senators will remember it—he quoted, I think, Mr. Crump, the President of the Canadian Pacific Railway Company in just these words:

> He (Mr. Crump) reminded his Canadian and American audiences that this continent is not an exclusive depository for the world's wisdom, that there are other nations with just as many brains and perhaps more ambition.

These are timely words. What the European half of NATO is doing, or trying to do, is, in my humble opinion, so far ahead of what is happening on this side of the Atlantic that it offers an object lesson to us which we would be well advised to note. The honourable senator from Ottawa West (Hon. Mr. Connolly) did well in drawing our attention to it. I can think, honourable senators, of five object lessons that we should bear in mind. What is growing up today is almost another iron curtain or, one can say, an "economic curtain", in the centre of the Atlantic because our costs of production and of export on this side of the Atlantic are becoming so far out of kilter with those on the other side of the Atlantic that, in my humble opinion, unless something is done about it—and it is not easy to do something about it at this late hour—the situation will produce economic rivalries which might well split the North Atlantic Treaty countries in two.

I now want to give my five object lessons, the first of which is in the realm of defence expenditures. As a result of bitter experience our European allies have kept their defence expenditures to a minimum, not only to lessen the cost to the taxpayer but to lessen the dislocating effects on their economies that disarmament will bring. Generally speaking, the 13 European partners of NATO have only about doubled their defence expenditures since 1949. Incidentally, it is sometimes difficult to assess these expenditures because the various European currencies are not easy to convert. In any event, I had not seen any authoritative figures until I saw certain figures contained in a copy of the NATO Letter, a monthly publication distributed by the North Atlantic Treaty Organization to

members of Parliament and others. The February issue contains information pertaining to the first ten years of NATO's existence, and it sets out a most illuminating table on defence expenditures of the member countries beginning in 1949, the year before NATO really got started, down to the forecast of expenditures for the year 1958.

The great burden of expense is carried by the countries on this side of the Atlantic. The 1958 combined defence expenditures of the European half of NATO is approximately 13 billion U.S. dollars, while the defence expenditures of the North American half of NATO—Canada and the United States—is 47 billion U.S. dollars. Of course, the United States carries a large part of that burden.

It is interesting that the European partners of NATO have kept their defence expenditures to slightly over twice as much as they were in 1949. Take, for instance, the United Kingdom. In 1949 their defence expenditures totalled 779 million pounds sterling, while the forecast of their expenditures for 1958 amounted to 1,608 million pounds sterling, just slightly over twice as great as in 1949. In the case of France the defence expenditure is about three times as great in the 1958 forecast as it was in 1949. In the case of Canada the forecast for 1958 is five times greater than the expenditure for 1949. In other words, we have increased our defence expenditure five times since 1949. Had it increased in the same proportion as that of the United Kingdom since 1949, we would be spending only $750 million to $800 million; actually, we are expending over a billion dollars more than that. I am not arguing for the moment whether we should or should not make these expenditures. I am merely giving the facts. If our defence expenditures under NATO were only half what they are, I have no doubt the Minister of Finance in Canada could have made as good a showing financially by way of reducing expenditures and budgeting for a larger surplus, as did the Chancellor of the Exchequer in the United Kingdom.

I think this is one object lesson we can take from the experience of our 13 European NATO partners who, I am to assume, are just as much interested in defence as we are. I am not arguing that we should not contribute more but I am merely stating the position as it exists. If and when the motion of the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) is adopted, and the Standing Committee on External Relations is authorized to review the activities of NATO in so far as the interests of Canada are concerned, I think that the committee should endeavour to get some authoritative information as to whether these defence expenditures on Canada's part are really necessary.

The second object lesson we should draw from what has happened on the other side of the Atlantic concerns demands for higher living standards. Europe is achieving a higher standard of living for labour by lowering the costs of production and living, and at the same time keeping wage scales relatively level. Thus she fights rising costs of Government and taxation, aids those engaged in agriculture and those who live on fixed incomes, and aids her export industries to compete successfully in world markets. North America is trying to do it by increasing wages, though rising living costs keep taking the advantages away.

I noticed something of interest in the 1958 White Paper referred to by the Minister of Finance when the budget was brought down recently. This White Paper, which is contained in *Hansard* of the House of Commons, discusses the question of rising costs and rising wages, and, at page 29, makes the following reference:

> The advance in *per capita* earnings in 1958 failed to keep pace with the rise in consumer prices and there was a slight decline in real income.

In other words, there was no advantage to those getting increased wages and, if anything, there was a slight loss because of the rising cost of living. To those in agriculture and those who depend on fixed incomes there was another load added to their burden. And an additional disadvantage was placed in the way of export business. A whole economic sermon could be written around that statement, and I congratulate the Minister of Finance for putting his finger right on the point.

Costs of government are pyramiding with inevitable rising taxation. Agriculture, squeezed by rising costs demands price supports, subsidies and deficiency payments. Those living on fixed incomes are faced with constantly lowering standards of living. Export industries, by increased costs, are being driven out of export markets, and our industries that depend mainly on domestic markets find it increasingly difficult to meet foreign competition. That is a second object lesson that we might well heed in making our plans for the future.

I come now to the third object lesson, the matter of economic collaboration: I think that what the six countries are doing, and what the remaining eleven are trying to do, is a most intelligent approach to the problems of today, and I am sure it must appeal to the common sense of every person who has given any thought to the question. Honourable senators, fifteen of us are bound together

by one of the most revolutionary doctrines in the North Atlantic Treaty. We have bound ourselves for at least ten years more, that if one is attacked all are attacked. I do not need to explain to this house how revolutionary a doctrine that is considered by members on all sides. Prior to that we never admitted that we were attacked, even if Britain were attacked. We might have said that the logic of the circumstances would take us into war, but we reserved to Parliament the right of determining war and peace. When we voted as we did, our national sovereignty went out the window, and well it might. I am not against it; I think it is right. However, I want to draw attention to the fact that I have grave doubts that Canada would ever have taken that revolutionary step if we had stopped to consider that the provision in regard to economic collaboration was going to be laughed at or totally ignored by the North Atlantic Treaty Organization. It is going to become increasingly important to us now that we are in a trade war, that six of the most far-seeing leaders of NATO, in my judgment, have gone ahead and are doing what we wanted every one of the 15 countries to do. The fact that they are doing it is creating great problems for those that are outside. Greater problems will arise, too, because the six countries are going to bring their costs down to such an extent, as a result of mass production methods, that I doubt, even if public opinion permitted it, whether we could put a tariff wall around this country high enough to keep their products out. Every industry in this country is in jeopardy from our own friends. We are not alone, of course, because the United States is in much the same position. We have put ourselves up on a high pinnacle, and other countries on lower pinnacles of varying heights.

Honourable senators, six European members of NATO have already agreed to progressively remove all trade barriers over a period of 14 years. This is not a plan; it was done two years ago and was ratified by all their parliaments, and went into force a year ago. The remaining seven members, together with four other non-members, are negotiating to join them. Financial provision is made to compensate industries that are unduly affected. Together they will form an economic bloc of upwards of 300 million people, with all the corresponding advantages of mass production. Europe's bold, enlightened and dramatic approach to economic collaboration makes our existing trade practices in North America as obsolete as the horse and buggy.

Another phrase used in the North Atlantic Treaty was the "Elimination of International Trade Rivalries." The significant thing in regard to what is happening in Europe is that only will our European allies have the inestimable advantage of progressively removed trade restrictions over the next 14 years, but they will be free of all the increases of trade obstacles that have so often occurred in the past with every chill economic wind that blows. I think we all agree that nothing has poisoned the wells of what would otherwise be good international relations as the recurrent resort by national governments to increase tariffs, imposition of dumping duties and quotas, in an attempt to compensate for some temporary situation. I do not need to elaborate on what is happening on this side of the Atlantic.

Now, object lesson No. 5: I want to point out that it is the manufacturing industry in the European countries, both large and small, who are spearheading the drive for mutual removal on trade restrictions. I indicate that because in the past, generally speaking, the manufacturers, the secondary industry producers in Canada, were the protectionists, and, in varying degrees, agriculture, depending on the extent to which they relied on the export market for low tariff. We have all become protectionists in varying degrees, regardless of party or interest, or so it appears to me. In Britain, Germany, France and similar countries, the manufacturers are the real driving force for economic collaboration because of their physical inability to meet outside competition, unless they have the advantages of mass production. I think that is the most significant fact. Moreover, the manufacturers of a little country like Luxembourg, with a population of 300,000, are trying to get into the market of a population of 170 million just as readily as are the countries who have a domestic market of 50 million people. They simply must get into it. In the past the characteristic of the economy of Western Europe was that they had more devices to encourage their domestic trade by way of tariffs and quotas of every kind than we have ever thought of in this country. Now they have come to the point where they are going exactly in the other direction as rapidly as they can. Are they right, or are we right? Of course, the reason the Common Market developed more rapidly in countries like France, Germany, Italy and Luxembourg, is that seven years ago the steel manufacturers in countries such as The Netherlands and Belgium, with nine million people, and Luxembourg with 300,000 people, joined with the steel manufacturers in countries such as Germany, France and Italy, with populations of 50 million each, in creating a Steel and Coal Community. They decided that the benefits of a larger market

would be of greater advantage to them than depending on tariffs, quotas, etc. to protect them in their home market. Their venture was very successful. I am talking now about the European Steel and Coal Community which has been in existence for seven years. Their venture has been so successful that two years ago these countries made the same arrangement for all manufacturers. If they join the other eleven countries there will, in due course, be a free trade area containing some 300 million people with corresponding reductions in production costs. This is a complete reversal of our thinking on this side of the Atlantic.

Again I congratulate the honourable senator from Ottawa West (Hon. Mr. Connolly) for giving us a chance to discuss what has happened in the European half of NATO. For my part I will look forward to the discussion as to where Canada is going to fit into this picture in the years that lie ahead. This will undoubtedly arise when the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) moves his resolution.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce, Nos. 167 to 198, which were presented yesterday.

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved that the reports be adopted.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. W. Ross Macdonald: Before we adjourn may I ask the Leader of the Government (Hon. Mr. Aseltine) what the business will be for tomorrow. I ask this question because I had expected that we would have proceeded today with Item No. 1, the motion of the honourable senator from Winnipeg (Hon. Mr. Wall) to instruct the Finance Committee to study the threat of inflation in Canada, and I was surprised when the request was made that is stand. I notice, honourable senators, that this motion has been on the Order Paper since February 25, which is almost two months. Surely we have heard enough about inflation in this house from the non-experts. In fact, as the Leader of the Government said yesterday he, and probably some of the rest of us, are little the wiser after hearing all this discussion. I feel that we should decide soon whether we are going to refer the question to committee and hear the experts. I do not know if I am alone but, speaking for myself, I feel that I have heard about enough in this house from those who can qualify as experts on this subject and from those who cannot but who would like to express their views.

Hon. W. M. Aseltine: Honourable senators, as far as I am personally concerned, I think I made it quite clear last night that I think this is a dangerous thing we are dealing with and I personally do not care if it ever gets to committee or not. But that is neither here nor there. If we carry that motion to committee and it goes as far as I think it might go I am afraid that I see the handwriting on the wall, and I do not want to be a party to it.

However, the honourable Senator Thorvaldson intends to go on with his motion tomorrow. Then we have the continued debate on the motion of the honourable Senator Wall; we have second reading of a private bill by the honourable Senator Euler, and I may be ready to go ahead with second reading of the bill to provide for the appointment of parliamentary secretaries to ministers, although I am not just sure of that. But I do know that the honourable Senator Thorvaldson wants to speak tomorrow, and I hope we will be able to go on with the debate on the honourable Senator Wall's motion.

Hon. Mr. Macdonald: Thank you.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, April 16, 1959

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

Prayers.

DOCUMENT TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following document:

Report of the Commissioner of Penitentiaries for the year ended March 31, 1958, pursuant to section 14 of the Penitentiary Act, Chapter 206, R.S. 1952. (French text).

DIVORCE

BILLS—FIRST READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill SD-161, an Act for the relief of Audrey Isabella Wanda Patterson Gray.

Bill SD-162, an Act for the relief of Raymonde Gagnon Tremblay. (Annulment).

Bill SD-163, an Act for the relief of Aline Brunette Farago.

Bill SD-164, an Act for the relief of Martina Bernice Patterson Baker.

Bill SD-165, an Act for the relief of Nelly Hugentobler Larsen.

Bill SD-166, an Act for the relief of Jean Trachtenberg Levy.

Bill SD-167, an Act for the relief of Louise Martel Abel.

Bill SD-168, an Act for the relief of Marie Louise Fauteux Roy.

Bill SD-169, an Act for the relief of Helen Lyon Bain Gardeler.

Bill SD-170, an Act for the relief of Joan Brazer Brazier.

Bill SD-171, an Act for the relief of Maria Luise Ahnhudt Sandberg.

Bill SD-172, an Act for the relief of Susan Gilda Levin Klein.

Bill SD-173, an Act for the relief of James Alvin Bradley.

Bill SD-174, an Act for the relief of Emily Mary Kredl Keller.

Bill SD-175, an Act for the relief of Raymond Winston Farren.

Bill SD-176, an Act for the relief of Marie Lucille Pauline St. Jacques Parent.

Bill SD-177, an Act for the relief of Mario Baldo.

Bill SD-178, an Act for the relief of Frank William Staples.

Bill SD-179, an Act for the relief of Zdenek Nosek.

Bill SD-180, an Act for the relief of Margaret Viola McCullough Morrow.

Bill SD-181 an Act for the relief of Sheila Carole Neidik Schwartz.

Bill SD-182, an Act for the relief of Gordon Clarence Hunting.

Bill SD-183, an Act for the relief of Ida Shlafman Zimendstark.

Bill SD-184, an Act for the relief of Audrey Elsie Asbury Ross.

Bill SD-185, an Act for the relief of Patricia Anne McKenna Coombes.

Bill SD-186, an Act for the relief of William Lawrence Hughes.

Bill SD-187, an Act for the relief of Armand Lacombe.

Bill SD-188, an Act for the relief of Rita Steinbach Gruia.

Bill SD-189, an Act for the relief of George Meredith Scott Burton.

Bill SD-190, an Act for the relief of Helen Borer Marcovitch.

Bills read first time.

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

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

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, I move, with leave, that when the Senate adjourns today it stand adjourned until Tuesday next, April 21, 1959, at 3 o'clock in the afternoon.

Motion agreed to.

NORTH ATLANTIC TREATY ORGANIZATION

MOTION TO AUTHORIZE EXTERNAL RELATIONS COMMITTEE TO REVIEW NATO ACTIVITIES—DEBATE ADJOURNED

Hon. Gunnar S. Thorvaldson moved, pursuant to notice:

That the Standing Committee on External Relations be authorized to review the activities of the North Atlantic Treaty Organization in so far as the interests of Canada therein are concerned;

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

He said: Honourable senators, I believe it to be most appropriate that there should be some discussion in this house concerning the North Atlantic Treaty Organization, of which Canada is so important a part. I am sure everyone who was present in this chamber yesterday listened with unbounded interest to the very knowledgeable remarks of the

honourable senator from Shelburne (Hon. Mr. Robertson) in his extended references to NATO. I follow the honourable senator with much humility because I know that, in comparison with him, I am a mere novice in my study of this organization.

However, the honourable senator dealt largely with the economic side of NATO and confessed, as I think we all must confess, its deficiencies and indeed failures, in affairs other than those on the military side. For instance, I, for one, held high hopes that NATO would be the agency best qualified to achieve a settlement of the question concerning Cyprus, involving as it did three members of that organization. But that was not to be. NATO seemed to be so futile in that field. I also had hoped that NATO would suitably solve that miserable dispute concerning off-shore fisheries which involved two NATO members, the United Kingdom and Iceland. That unfortunate controversy is still raging.

Also, of course, as the honourable senator from Shelburne has intimated, NATO has not been very successful in efforts to create an improved economic climate between its members. However, I do not want to be critical of NATO for this default for I do believe that as far as Canada is concerned our concentration of purpose in regard to trade should be through the United Nations agency responsible for the General Agreement on Tariffs and Trade, known as GATT, rather than through NATO.

In any event, my few remarks concerning the North Atlantic Treaty Organization alliance will be directed toward its role as a defender and guardian of the free world and of Canada's position relative to that purpose.

Among others, there are at least three good reasons for such discussion at this time. First, NATO, is, in this month of April, observing the tenth anniversary of the signing of the treaty, which event occurred on April 4, 1954. Second, Canada, through its then Prime Minister, the Right Honourable Louis S. St. Laurent, and its then Secretary of State for External Affairs, the Honourable Lester B. Pearson, played a most important role in the early negotiations leading to the founding of the organization. And, third, NATO is right now entering upon what may be the most critical and potentially dangerous period of its existence.

But apart from these things, I believe that we, in this house, may well acknowledge and pay our respects to the very valuable contribution to world peace which NATO has made during the decade of its existence.

Hon. Mr. Macdonald: Hear, hear,

Hon. Mr. Thorvaldson: Unquestionably, without this powerful alliance, the countries of western Europe would, at least, have been subject to continuous harassment and bullying, and indeed more likely to complete subjection by their known enemy. I need not ask the question: What then of America?

No doubt, at the recent anniversary celebration in Washington much was said about the past glories of NATO. As is well known, however, we now move into a sphere of negotiation which can spell much for the future peace and security of the world. And although the negotiations relative to the problem of Berlin are primarily in the hands of the great powers, nevertheless Canada is both directly and vitally concerned with the success of those negotiations.

Just to refresh one's memory, may I briefly review how we became directly responsible for the security of Berlin. In October 1954 a conference in London dealt with the making of plans for the termination of occupation by Allied troops in the Federal Republic of Germany, and for the incorporation of West Germany in the North Atlantic Treaty Organization. At that conference the three Western powers—the United States, the United Kingdom and France—issued a declaration stating:

> The security and welfare of Berlin and the maintenance of the position of the three powers there are regarded by the three powers as essential elements of the peace of the free world in the present international situation. Accordingly, they will maintain armed forces within the territory of Berlin as long as their responsibilities require it. They therefore reaffirm that they will treat any attack against Berlin from any quarter as an attack upon their forces and themselves.

Following the London conference there was held a meeting of the NATO Council at which West Germany was admitted into membership of the North Atlantic Treaty Organization, and at the same meeting all the members of the NATO Council, including Canada, associated themselves with the three-power declaration which I have referred to. In other words, from then on any attack against West Berlin would be deemed to be an attack upon all the NATO powers, including, of course, Canada. This was in addition to the covenants contained in sections 5 and 6 of the treaty which recognized that an attack on any one NATO member was an attack against them all.

Now, although Canada's actual stake in the Berlin issue may not be quite so immediate as that of the three great powers, the United States, the United Kingdom, and France, in so far as we are not an occupying power, nevertheless our stake in the broader question of world peace is just as great as that of any other power, large or small. Hence it is to be hoped that Canada's voice will be listened to, and paid attention to, in the

formulation of policy for the pending conference of foreign ministers and, indeed, at a summit meeting, if such should be held.

Then, what, if any, is Canada's contribution to a policy, or what is our position in respect of the principal questions at issue in the Berlin controversy, and, indeed, in the broader issue relating to East and West Germany?

Naturally, and as any sensible people must do, we take the position that there is simply no alternative to peace; that in the present circumstances a global war is unthinkable, and consequently the issue at stake must be resolved by negotiation. That, of course, is an obvious position to take, and, no doubt, has universal acceptance. When I say that I believe this view has universal acceptance I am also attributing it to the countries behind the iron curtain as well as to those on this side of it.

On the other hand, our Prime Minister has said, and I have heard no dissent from this view, that no agreement is acceptable which places in jeopardy the security of West Berlin or the freedom of its citizens; also, that no solution can be accepted which may endanger the ties between the Federal Republic of Germany and its NATO partners, nor one which, as the Prime Minister has said, would have the effect of foreclosing on the prospect of the ultimate reunification of Germany. It is seemingly also the view of our Government that in any future settlement of the Berlin problem the United Nations should have an opportunity to play a part, and we are informed that definite suggestions along this line were made by Canada's representative at the recent NATO Ministers' Conference in Washington.

I will admit that anyone who has observed the United Nations organization in action, especially in its efforts to deal with the larger problems directly affecting world security such as disarmament, inspection of nuclear weapons and so forth, must feel a deep sense of frustration resulting from what at least we of the West consider the intransigence of the Soviet bloc at the United Nations. Nevertheless, I think it of real importance that the middle nations such as ours should continue to press to have the United Nations admitted to play at least some part, either in the pending negotiation or thereafter, in the application of any acceptable solution of the Berlin issue. For instance, it is nearly inconceivable that the occupying powers will, for an indeterminable time, be willing to continue to tie down forces as they are now doing in Berlin. Hence, for example, if a system of appropriate guarantees for the permanent security of the city could be developed, perhaps the United Nations would become the logical agency to supervise the performance of such guarantees.

In any event, I think that in advancing to the big NATO powers a suggestion for an eventual United Nations "presence" in these troubled spots of Europe, Canada may have made a particularly valuable contribution to the current thinking on this problem.

On the wider German problem, our Government appears to take a realistic view in respect of the improbability of any quick marriage between East and West Germany. Consequently, it favours a proposal once made by the West German Republic, that a continuing commission be instituted to supervise and promote progress toward an eventual union of the two parts.

On the other important question, namely, the question relating to arms limitation in this European area, I presume that one can only hope that some progress can be made toward this end, even though reunification of the two Germanys may lie in the distant future.

In regard to the general prospects for prevention of a world holocaust, I imagine we can agree they are good, even despite the threats and blustering and double talk of the Soviet Premier. But in my view they are good for one reason and one reason only, namely, the great military strength and unity of the NATO alliance. I believe it to be a fact of history, which we can all verify, that a would-be conqueror has never started a big-scale war unless he was completely convinced that he could win it. And what must bother the heads of the Soviet Union greatly at the present time as a would-be aggressor, as we believe them to be—for if not, why are we spending nearly two billion a year upon national defence?—is the tremendously increased and increasing power, ability and determination to resist aggression, especially of those two NATO partners, the West German Republic and France. Increase of West Germany's strength has, of course, been fairly continuous over the last few years, but not even the Soviet Premier could have prophesied the recent rebirth of France, resulting in its becoming, practically overnight, a powerful and determined nation and at long last certain of itself.

It is perhaps a horrifying thought that the world must continue to live in a balance-of-power situation, but then it is also comforting to know, at least to believe, as we do, that the balance is on our side, and also to know that our side covets no one's territory or property and merely asks not to be attacked.

So the tribute that I believe one must pay to NATO on the occasion of its tenth anniversary is that this alliance of free nations

has in this brief span of years built well. It has erected a solid barrier against aggression and the very strength of this barrier is, at the moment, the one really effective hope for a continuance of the peace of the world. We Canadians can be justly proud of the part played by Canada in this alliance.

Before I close these remarks I would like to hark back for a moment to the speech delivered yesterday in this house by the honourable senator from Shelburne (Hon. Mr. Robertson). He brought to our attention a most significant fact and one that this body should pay heed to. I refer to the statement that the increase in Canada's proportion of cost of national defence since 1949 far exceeds the proportionate increased costs of our European NATO partners. Does this mean, for instance, that in NATO affairs, in the same way as we have fairly well followed United States foreign policy to the letter, we have also followed the United States proportionately to the dollar in our defence expenditures? That may be good policy, but also it may not. I believe that our defence expenditures should be tied to no one else's but should be determined completely on our own. And so I am wondering if there really has been any exhaustive and systematic review for many years of our defence expenditures as to whether they are adequate, inadequate or excessive. I wonder, perhaps, if there had been such a continuous review during the last few years by, say, a committee of the Senate, whether this country might not have been saved from the Arrow fiasco. In any event, in the light of the facts produced yesterday by the honourable senator from Shelburne, I believe that a review such as I have referred to is overdue and could do much good. Especially if, as we hope, results indicative of an easing of world tensions and some thawing out of the cold war should come about from pending negotiations in the international sphere, perhaps then some part of the Parliament of Canada, even a committee of the Senate, might assume the task of reviewing in a comprehensive way the financial burden that this country should appropriately assume in the realm of national defence.

A great many people in this country are getting very tired, and indeed critical, of the crushing burden of defence costs, particularly at a time when it is recognized that neither side in the cold war has really any effective defence against the weapons of offence which are now available to both sides. Apropos of that, I was interested in a short news item appearing in last evening's Ottawa *Journal*, under a London dateline, reading as follows:

> Arnold Toynbee celebrated his 70th birthday Tuesday still confident that man will survive the H-Bomb. The British historian-philosopher said at his home: "We shall dance on the edge for a while until people get tired of all that. Then sooner or later an agreement between nations will be reached."

May we all pray that the dancing on the edge that will be done during this summer may produce a result leading to some easing of present world tensions such as might then give some hope of a stoppage in the farcical armaments race which is presently the number one curse of the whole world.

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

SENATE PAGES HOCKEY TEAM

On the Orders of the Day:

Hon. William R. Brunt: Honourable senators, before the Orders of the Day are proceeded with I should like to bring to the attention of the house the record of a now famous hockey team with which perhaps some members here are not acquainted. I refer to the record of the Senate Pages Hockey Team. The team is composed of six 60-minute men. They have no substitutes. Their record for the current season is as follows. They played four games against the House of Commons Pages Team, defeating them by a score of 6 to 4 on March 18 and tying them 2 all on March 26. Then the Senate team began to improve and they won the next game, on April 3, by a score of 7 to 2; and finally, on April 6, they defeated the same rivals by a score of 4 to 0. As a result of these victories our team from the Senate is now known as the champions of Parliament Hill.

Hon. Mr. Quinn: Any chance for the Maple Leafs?

INFLATION

MOTION TO INSTRUCT FINANCE COMMITTEE TO MAKE STUDY—DEBATE CONTINUED

The Senate resumed from Tuesday, April 14, the adjourned debate on the motion of Hon. Mr. Wall:

> That the Standing Committee on Finance be instructed to study the threat of inflation in Canada;
>
> That the committee have the authority to send for persons, papers and records, and to report from time to time.

Hon. Lionel Choquette: Honourable senators, I think it was George Bernard Shaw who once said, "If you want to learn something about a subject, write a book on it". One would think this would be true of a speech as well, but I must confess that after preparing my remarks on inflation I am still at sea on this question which seems

to have created a psychosis in Canada and the United States in the past few months. I will therefore deal very briefly with what is being referred to as a threat of inflation, and confine my remarks mostly to the impracticability of the Standing Committee on Finance studying the threat of inflation in Canada, if such a situation exists at the moment, and the almost insurmountable obstacles the committee would encounter if it ever were instructed to conduct such a study.

Incidentally, before I forget, I would like to ask the honourable junior senator from Winnipeg (Hon. Mr. Wall) if a similar motion was ever made in the past eight years, and if so if a committee was appointed, if it functioned, and if not, why? The answer can be given when the honourable senator closes the debate.

Anyone who looks over the history of Canada since Confederation can see at a glance that budget deficits have been in the majority of years a cardinal feature of budgeting. In the period from 1867 to 1892 there were only three years in which there was a surplus, and a small surplus at that. From Confederation up to and including 1937 there were only six years in which there was a surplus, and in the other years there were deficits ranging up to $45 million. Up until 1900 the total annual revenue of Canada would not exceed $50 million. In 1909 the revenue was $85½ million, and the deficit $45 million, more than 50 per cent of the budget. Then in 1913, under the Government of Sir Robert Borden, there was a substantial surplus—more than twice as much as ever before. I pass over the war years. In the depression years, which Canada by itself was helpless to correct, we had deficits amounting to approximately two-thirds of the revenue collected. Was there inflation at that time? All the efforts, many of them unavailing, were in the direction of raising prices instead of cutting them down. There was no trouble about the credit of Canada; there was no trouble about the dollar. At the present time it is all this Jeremiah prophesying of blue ruin that is causing hesitation on the part of the Canadian public about where they will invest their money.

Now, how about the rise in prices? During the six years of World War II the cost-of-living index went up about ten percentage points, and between 1946 and 1948, as price controls were removed, it shot up twenty points annually. Was this house then eager to embark on a study of rising prices? After 1948 the increase became moderate. Then the Korean War set off another burst of inflation, and the index went up about 16 points in a year and a half. Were honourable senators at that time eager to study inflation? During the four years 1952 to 1955 prices were relatively stable. In 1956 the index rose less than two percentage points, but between June 1958 and November 1958 it moved up five points. Was there a move then to study inflation? No. Then why does this move come now? Why, when in the past two months there has been a drop in the cost of living, do some honourable senators want to instruct a committee to study inflation? The Government of the day has been left the legacy of a dilemma. It is the dilemma of unemployment on the one hand and inflation on the other, and, rightly or wrongly, the Government decided that unemployment was the long horn of this dilemma. The Government may be wrong. Events will prove it right or wrong, but why try to embarrass it now, before we know what its plans and premises are?

If this house is now going to assume the responsibility of undertaking fiscal measures, its constitution should be changed. It should be made a democratically constituted body, competent to act in conflict, if necessary, with the lower house. That is what they have in the United States. That is not what we have in Canada.

Let us examine the motion carefully. The first part of it reads:

> That the Standing Committee on Finance be instructed to study the threat of inflation in Canada.

The first question, I submit, which should be asked is: Who will decide that there is a threat of inflation, or, to put it in other words, an imminent danger of inflation? There is an old Latin maxim, *Tot homines quot opiniones*—"There are as many opinions as there are men." I think there certainly are many economists and teachers of political economy in Canada who hold divergent opinions on the subject of inflation.

Even before the budget was brought down, newspapers and magazines were announcing that inflation pressure was lowered.

I wish to refer to an article which appeared in the Montreal *Gazette* of April 4, 1959, entitled "Inflation pressure lowered". The article quotes figures given by the Bureau of Statistics showing that prices are better and that the inflation threat, if there ever was one, is certainly disappearing rapidly.

On Friday, April 10, there appeared in the Ottawa *Journal* a comment on the budget from which I will read just a few lines:

> And Mr. Fleming's patient, which happens tc be Canada, is not in desperate straits, anyway; certainly not with the economic death-rattle in its throat that some people have been crying about lately.
>
> For months on end we have had people going up and down the land, many of them professed experts,

saying that Mr. Fleming would have a billion-dollar deficit, with an even greater deficit in prospect next year. Niagara, said these Jeremiahs, was right ahead; deficits were going to engulf us, inflation ruin us to boot. With the word "inflation" they were simply infatuated.

Well, these crepe-hanging gentlemen were wrong; wrong by more than $300 million in the size of Mr. Fleming's deficit in 1958-59 and seemingly even more wrong about its probable size this fiscal year.

Again, in yesterday's mail I received a copy of the magazine *Industry*, which is well known in Canada. In a front-page article headed "The pace of recovery" it states that things are certainly getting much better and the threat of inflation, if there ever was one, in the past few months, is disappearing rapidly.

Honourable senators, we all know that the Finance Committee is one of our busiest and most important committees. The study contemplated in this motion could last for months, if not years.

The second part of the motion reads as follows:

That the committee have the authority to send for persons, papers and records and to report from time to time.

Honourable senators, there are, as you know, two categories of witnesses who can be brought before a committee of this type. First, there are those within the ranks of the Civil Service, and they do not require a subpoena. They are told that on a certain date the committee will sit and will hear their evidence, and they have to be present. Those people have been advising the Minister of Finance, and they, like many other civil servants in Canada, give of their best talents to any Government, no matter what party is in power. Now, if they are going to be called before this committee, surely we cannot expect them to give us any advice which would differ in any way from the advice that they have been giving to the Minister of Finance. So I submit that this feature would probably eliminate that category of witness.

The second category of experts would be those from outside the ranks of the Civil Service, and for this type of witness a subpoena would be required. Now, honourable senators, can you imagine a Senate committee sending to a man who, say, is writing a series of articles for magazines that are going to yield him $400 or $500 each, a subpoena *duces tecum* with a letter saying: "We want you to be present on such-and-such a date, and you shall bring with you all your papers" —and maybe, in some instances, he would be asked to have himself accompanied by his ghost writer—"bring all the articles you have written and published in the last five years and be prepared to answer questions"? He could say, "Gentlemen, surely you are not going to sap my brain! If you want me to get you out of peril, if you want me to help the country, unless you appeal to my patriotic sense—and I do not think the country is in such danger as to justify your doing so—you will have to remunerate me for my services." If he did appear he might be asked, "What do you think of the threat of inflation?" His answer could very well be, "What threat of inflation? I do not agree with your premise." That man would become an embarrassing witness for the committee and would be declared hostile, and then I am sure there would be a period of cross-examination by honourable members trying to convince him that he was wrong and that the committee was right.

Also there is always a chance that a few politically-inclined Liberals might appear as witnesses and they might want to condemn the policies of the present Government. There might also be witnesses who have Conservative leanings. All of this certainly would inject a sour political note into the committee's proceedings.

All the evidence, briefs, theses, etc., would be reported in shorthand and would form a large volume of divergent pet theories and opinions of self-styled experts and even well-known economists, from which report the Finance Committee would be called upon to glean pearls of wisdom and then, maybe after months or even years of study, it might offer to the Minister of Finance some recommendation.

Honourable senators, the question is not whether the Senate is legally competent to study the threat of inflation, but rather it is whether it should embark upon such a project. As we all know, it is the Government which is constitutionally charged with making the calculations essential to the preparation of its financial program for each fiscal year. It must make its estimates of required public expenditures and devise ways and means of meeting such expenditures in the light of the anticipated state of the Canadian economy for the year. It is also the exclusive constitutional prerogative of the Government to initiate the legislative measures designed to bring its financial policies into effect. Moreover, under our Constitution, such measures must be introduced, in the first instance, in the House of Commons. Once this process has been completed, these measures reach the Senate, where they are considered and dealt with prior to their receiving Royal Assent. In my view this is the proper occasion for the Senate to consider such legislation and the policies inherent therein, whether in relation to inflation or any other aspect of the Canadian economy.

There is no doubt about that. Now, would not the intervention of the Senate in this

process, in the manner suggested by the resolution, be regarded as an effort on the part of the Senate to substitute itself for the branch of Government which is specifically and constitutionally charged with the responsibilities I have just mentioned? I submit that it would, in a sense, be doing indirectly what could not, under the Constitution, be done directly. I can see at once the legality of the motion introduced by the honourable and genial junior senator from Winnipeg (Hon. Mr. Wall), but personally I very much question the wisdom or desirability of adopting the motion, and I intend to vote against it.

In addition, I must say that I share the fear which was so eloquently expressed yesterday by the honourable the Leader of the Government (Hon. Mr. Aseltine), to the effect that the embarkation of the Finance Committee upon a formal investigation of this problem, which is one in respect of which the Government has and must accept primary responsibility, might, and indeed probably would, tend to promote the sort of political partisanship which has not been regarded in the past as desirable in the Senate.

Honourable senators, I would like to close by quoting the words of the late Right Honourable Senator Dandurand, whose statements have always commanded the utmost respect, when he spoke in this chamber on February 12, 1936. He said this:

> The framers of the Confederation intended this chamber not to be a duplicate of the Commons... if we felt and acted as though we were, our usefulness as a second chamber would be gone. The Senate is not a duplicate of the House of Commons. We stand above the sharp divisions of party that exist in the other chamber, and we approach all questions with a desire to do our best for the general interest of the country.

On motion of Hon. Mr. McLean, debate adjourned.

PRIVATE BILL

LUTHERAN CHURCH IN CANADA—SECOND READING

Hon. W. D. Euler moved the second reading of Bill S-18, to incorporate The Lutheran Church in Canada.

He said: Honourable senators, until a few moments ago I had very little information as to the details of this bill; however, those of you who have taken the opportunity to read it through will have noted that it declares its purposes quite specifically. May I say, briefly, that it seeks to incorporate certain Lutheran churches in a way similar to that in which churches of other denominations have been incorporated.

Section 4 of the bill sets out the purposes of the proposed corporation, and these may be summarized as being to organize, establish, maintain and carry on residences, missions, churches, places of worship, parsonages, orphanages, homes for the aged, and so forth—in short, to carry on the ordinary work of an organized church.

Sections 9 and 10 provide power to acquire, hold, invest in and sell property. As I have said, this bill is similar to bills passed for the incorporation of churches of other denominations.

I might add that from information just received I have learned that the proposed organization will embody 333 congregations, with 76,000 baptized members. Some of these churches have been affiliated with organizations in the United States, and it is now proposed that they come under the Canadian organization. The churches are located in the provinces of Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia, and television and radio coverage is provided by the denomination in all the provinces of Canada.

Honourable senators, that is about all the information I can give at this time. Since no principle is involved in the bill, and the church merely seeks incorporation in the ordinary way and is not a profit making body, I would suggest that, when second reading is given, the bill be referred to the Standing Committee on Miscellaneous Private Bills.

Motion agreed to.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Euler, bill referred to Standing Committee on Miscellaneous Private Bills.

The Senate adjourned until Tuesday, April 21, at 3 p.m.

THE SENATE

Tuesday, April 21, 1959

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

Prayers.

PRIVATE BILLS

PARAMOUNT (PACIFIC STANDARD) LIFE INSURANCE COMPANY—COMMONS AMENDMENTS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-12, to incorporate Paramount Life Insurance Company, and acquainting the Senate that they have passed this bill with two amendments, to which they desire the concurrence of the Senate.

The amendments were read by the Clerk Assistant as follows:

1. Page 1, line 16. Delete the words "Paramount Life Insurance Company" and substitute therefor the words "British Pacific Life Insurance Company".
2. The titles: Delete the words "Paramount Life Insurance Company" and substitute therefor the words "British Pacific Life Insurance Company".

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

Hon. Mr. Reid: Next sitting.

CONGREGATION OF SISTERS OF HOLY FAMILY OF BORDEAUX—COMMONS AMENDMENTS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-14, to incorporate the Congregation of the Sisters of the Holy Family of Bordeaux, and acquainting the Senate that they have passed this bill with several amendments, to which they desire the concurrence of the Senate.

The amendments were read by the Clerk Assistant as follows:

1. Page 1, line 2. After the word "famille" insert the words "de Bordeaux"
2. Page 1, line 24. After the word "Bordeaux" insert the words "in Canada"
3. Page 1, line 25. After the word "Bordeaux" insert the words "au Canada"
4. Title: After the word "Bordeaux" add the words "in Canada".

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

Hon. Mr. Méthot: Next sitting.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following documents:

Report of the Royal Commission on the criminal law relating to criminal sexual psychopaths. (English and French texts).

Report of the St. Lawrence Seaway Authority for the year ended December 31, 1958, pursuant to section 85(3) of the Financial Administration Act, Chapter 116, R.S. 1952. (English and French texts).

Copy of Order in Council, pursuant to section 37 of the Canadian National Railways Act, Chapter 29 of the Statutes of 1955, as follows:

Order in Council P.C. 1959-336, approved March 21, 1959, approving the capital and operating budgets of the Canadian National Railway Company for the year ending December 31, 1959. (English texts).

Copy of Order in Council, pursuant to section 80(2) of the Financial Administration Act, Chapter 116, R.S. 1952, as follows:

Order in Council P.C. 1959-123, approved March 3, 1959, approving the capital budget of Trans-Canada Air Lines for the year ending December 31, 1959. (English text).

Report on operations under the Farm Improvement Loans Act, for the year ended December 31, 1958, pursuant to section 13 of the said act, being Chapter 110, R.S. 1952. (English text).

PRIVATE BILL

CANADIAN LEGION OF BRITISH EMPIRE SERVICE LEAGUE—FIRST READING

Hon. David A. Croll presented Bill S-19, respecting The Canadian Legion of the British Empire Service League.

Bill read first time.

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

Hon. Mr. Croll: Next Tuesday.

CONVENTION ON NATIONALITY OF MARRIED WOMEN

On the notice of motion by Hon. Mr. Aseltine:

Resolved, That it is expedient that the Houses of Parliament approve the Convention on the Nationality of Married Women, done at New York on February 20, 1957, and that this House do approve the same.

Hon. Mr. Aseltine: Honourable senators, I ask that this stand until May 5, 1959.

INFLATION

MOTION TO INSTRUCT FINANCE COMMITTEE TO MAKE STUDY—DEBATE CONTINUED

The Senate resumed from Thursday, April 16, the adjourned debate on the motion of Hon. Mr. Wall:

That the Standing Committee on Finance be instructed to study the threat of inflation in Canada;

That the committee have the authority to send for persons, papers and records, and to report from time to time.

Hon. A. Neil McLean: Honourable senators, in rising to speak on the resolution to study the threat of inflation in Canada, introduced by the honourable junior senator

from Winnipeg (Hon. Mr. Wall) and seconded by the honourable senator from Toronto-Rosedale (Hon. Mr. Leonard), I might say I would have spoken on this subject previously but I learned of the resolution only recently, as I was absent from Canada attending the Canadian Government Trade Fair held in Trinidad, which had even more Canadian exhibitors than the fair recently held in Jamaica. The Trinidad Fair was a successful one and was highly appreciated by the citizens of that fine island. The departments of our Government which initiated these fairs deserve due credit.

I am glad the problem of inflation has been placed before this honourable body by the sponsor and seconder of this resolution. In the United States there are several committees at work in Washington at the present time investigating the economy of the nation and inquiring into such things as growth and development, inflation, recession, unemployment, price stability, tight money, interest rates, etc. First, there is President Eisenhower's special cabinet committee on price stability and economic growth, of which Vice-President Nixon is chairman. Another is a presidential committee on Government activities affecting prices and costs, under the chairmanship of Raymond J. Saulnier, who is also head of the President's Council of Economic Advisers. A third is a joint committee of Congress under the chairmanship of Senator Paul H. Douglas of Illinois, known to many of us. These committees have had many hearings and some of the most outstanding authorities in America have appeared before them, and they have accumulated very valuable economic data. For instance, it has been discovered, or rediscovered, that the greatest interference with stability is the economic process known as recession, inflation, deflation, etc. So I think the timing of this resolution is well taken.

Inflation, to my mind, has seldom been properly explained to the man on the street. On the other hand, the scare of inflation has been over-emphasized. Inflation is a word that is often distorted and misunderstood. Inflation and deflation have been interwoven into our commercial system down through the ages. They can be controlled, as there are remedies, but no practical cure exists at the present time. Those who pretend they have a cure should know full well that such suggested cures are far more upsetting to our economic system than the disease itself, if we want to call it that.

I see no politics in the situation, as practically all governments have been plagued, and sometimes helped, by inflation or deflation. There is no use in pretending inflation is something like the Bubonic Plague or Black Death that is thrust upon us from the outside. It is caused from within, and most of us have at some time had a hand in generating it. It might well be said, whoever is not guilty let him cast the first stone.

Under the gold standard system nations tried to regulate prices by fixing the price of gold and circulating it as a medium of exchange or paper money, immediately convertible into gold coin, but time and again the gold measuring stick had to be adjusted owing to changed conditions and world economic disruptions. According to a chart published by the Bank of International Settlements, in the year 1250 A.D., before the Battle of Bannockburn, gold was valued at around 25 shillings an ounce. At the time of the Spanish Armada's invasion of England it took a substantial rise, and after the Napoleonic Wars debts grew to such an extent that Sir Robert Peel, Prime Minister of England, after consulting the best authorities of the time, raised the price of gold to $20.67 in our money. This lasted until sometime after World War I, which increased the debts of the world ten times, and economic conditions got so bad, owing to deflation and loss of confidence, that President Roosevelt, after acting as Sir Robert Peel did in consulting the most outstanding authorities of the time, raised the price of gold to $35 per ounce, which is equivalent to 250 shillings at the present value of a shilling, and of course gold circulates no more as a medium of exchange. It is held by the Reserve Banks.

Growth and development of a nation is not inflationary, but spending without productive growth is. It would be an ideal system if growth and development could be progressively maintained and over a period of years steady advancement carried on in a stable and even way without big changes either up or down in the price level, and having a trade dollar that is steady regarding the stability of its purchasing power, with labour receiving a fair and just return for services given, and capital the same on the investment and replacements—all this without the worry of an unstable dollar. But the question is, how can this be brought about when so many outside inflationary, and sometimes deflationary influences interfere with the price level? Let me name some of the important ones:

1. The wages, prices and profit spiral. If wages are raised without an increase in production per unit of labour, and such wage increases cannot be absorbed by the profits of industry and a raise in the prices of the product follows, it is elementary that such a procedure is inflationary.

2. Inefficiency in management.

3. Cartels and other price-fixing schemes.

4. Floors under commodities that raise prices higher than necessary.
5. Excessive import quotas and tariffs.
6. Dumping duties.
7. Excise taxes and taxation which penalizes growth.
8. Sales taxes.
9. High freight rates.
10. Excessive debt and high interest rates.
11. Pressure on governments to overspend.

All these are inflationary as far as the price level is concerned. I am not necessarily arguing against the things I have named, for I know in our comprehensive society some are quite necessary.

In the days of the gold standard system inflation was supposed to mean that people accumulated more money than goods and they therefore were bidding up prices unnecessarily because they had the excess money with which to do it. However, economic conditions have changed a great deal in recent years and many things that generate inflation are seemingly beyond the control of the ordinary person.

We in Canada have been trying to fight inflation by monetary action which, in its present form, is the weakest of the weapons for attacking inflation, for this so-called cure has some features worse than the disease, since it is often inflationary within itself and, if effective at all, it cuts down the rate of economic growth.

Those who support a tight-money policy are calling, in fact, for a slower rate of investment and slower economic expansion, which means that unemployment follows.

I quote the *Christian Science Monitor* of March 24 last in this regard. The Federal Reserve Board is juggling the cost of credit, making borrowing of money more expensive to halt inflation, and it has not worked. It is a blunderbuss weapon, like extinguishing an electric light with a shot gun. Even the experts of the Federal Reserve Board now agree that fiscal and monetary manipulation alone will not halt inflation.

Inflation, in certain respects, has some resemblance to a way of life. Take the welfare state, for instance. Citizens ask for more and more services from governments and cheques are issued, so to speak, on our national stockpile of goods, often without a corresponding amount of goods being added to the stockpile through production, perhaps until long afterward. However, the people vote themselves these services of their own free will, but they must be paid for and the amount paid for them has, of course, an effect on living costs.

To get nearer home: We often hear complaints of the higher prices of foods. Well, the old brown paper bag and brown paper wrapper seem to have gone out of business. Visit a supermarket and it is self-evident how purchasers desire their goods put up in fancy packages, which are the style. Since the last war this country has been paying around $150 million per annum for packages of different kinds. In the old days we had the brown cake of soap for cleaning purposes. Now soap cleansers are packaged—at a substantially advanced price, of course. Breakfast foods the same, often with a prize contained therein for the children, which inflates the price.

I asked a tea producer what a purchaser got who paid a dollar for packaged tea in linen bags. His answer was, about 60 cents' worth of tea and 40 cents' worth of linen bags and packaging. Foods are now being prepared in the factories as nearly ready for the table as possible. Kitchen work is gradually being turned into a warming-up operation. I believe the servant problem has something to do with it, and I do not wonder the housewife buys food ready, or almost ready, for the table. But if the work of preparing food is to be done in the manufacturing plants, of course it will inflate the price. I am not arguing against this situation at all. I am just trying to throw light on conditions as to why higher prices prevail for many foods.

The interest bills of our country are steadily going up and there is no corresponding production to offset interest payments. Take our foreign bonded or mortgage debt, for instance, which is nearly all held in the United States. The following figures will show how it has increased during the last few years:

In	1953	we	borrowed	$ 307,774,000
"	1954	"	"	184,281,659
"	1955	"	"	161,614,000
"	1956	"	"	425,000,000
"	1957	"	"	732,000,000
"	1958	"	"	629,000,000
			Total	$2,439,669,659

This is not venture capital at all; this money is borrowed mostly by governments, including municipalities, and Crown companies, plus some corporations, on long terms at fixed rates of interest. The provincial governments, for instance, used it for education, roads, hospitals, and many other services. In 1957 our interest bill abroad was $154 million and in 1958 it was much greater. I have not been able to get the exact figures yet. However, I quote from the *Financial Post* of November 8, 1958, as follows:

> You can safely reckon on interest payments soon reaching between $200 million and $250 million per year. Most of it will be due to the United States with which we already have an overwhelming trade deficit.

That is, as far as merchandise is concerned. Now, this has to be paid by exports, for which there will be no corresponding imports to add to our stockpile of goods, which of course tends to be inflationary.

According to the Montreal *Gazette* of April 20, our deficit with outside countries, principally the United States, will likely be greater in 1959 than the deficit of $1 billion 100 million incurred in 1958. $940 million of this amount was in non-merchandise transactions and, according to the *Gazette,* present government requirements, at the current cost of borrowing, will add considerably to the charges on the taxpayer for debt service, which, of course, adds to the cost of living.

I notice a recent dispatch in the New York *Times* that Canadian provinces and municipalities are expected to borrow heavily this year in the American markets because interest rates are still significantly lower in the United States than in Canada. They expect $100 million offerings in the near future, among them three provincial borrowings. These borrowings drive up the exchange rate. The exchange rate in turn inflates the Canadian dollar and results in higher prices on our exports. If this goes on, the exchange rate is going to price us out of some of our export markets. We will have to accept a lesser return for our exports such as newsprint. Canadian exporters have to compete with all foreign producers, and for a great quantity of our exports we are obliged to accept American funds in order to compete. Exports are sold in large quantities and often there is as low as a 5 per cent profit margin in order to compete, so when 3 or 4 per cent goes for exchange it is very discouraging and almost an impossible situation.

It is the policy of our country, I know, to increase our national production. This is a sound progressive policy that will, we hope, bring our national accounts into balance, which would mean less borrowing and lighter taxation. For such a policy to be fully successful we must put forth our utmost efforts to increase our exports. As stated, at the present time our inflated dollar is placing a tax on exports and a premium on imports.

I asked the head of the Canadian Pulp and Paper Association recently what it cost this industry in exchange. He estimated about $35 million per annum. Well, at that rate, and taking into account all other exports, exchange is costing exporters upwards of $100 million per annum, and the Government many millions in taxes. If this $100 million or thereabouts was saved it would be an asset in the balance sheets of the exporting companies and the Government would receive half this sum in taxes. Trade in merchandise transactions is not inflating our dollar. It is being inflated by these large debt transactions. I can see no reason why our bonded debt financing cannot be done within our country. Canada, for its size, is one of the wealthiest countries in the world. We proved that during the war, when we did our own financing to the extent of over $5 billion and loaned or gave away a similar amount to our allies.

If we go on doing as we are doing, juggling our interest rate upward and forcing governments to borrow in an outside country to carry on their ordinary services, thereby inflating our dollar unnecessarily, a day of reckoning is sure to come.

We, as a country, are more dependent on exports than any other nation I know. For instance, we are dependent 25 per cent on exports, England 17 per cent and the United States 6 per cent. Exports are our life blood and one of the chief cornerstones of our prosperity. Competition in the export trade is becoming keener every month. We are now facing the European Common Market and if our export trade falls off, as I fear it may, the chief responsibility will lie on the doorstep of the Bank of Canada, whose unwise and shortsighted policy of high interest rates has been the cause of inflating our dollar by making it the servant of outside debt borrowings instead of being a normal merchandise dollar that would serve our export trade in an efficient and proper way so competition can be met by our exporting companies being placed on a fair and equal basis with their competitors throughout the world.

I have tried to bring out into the open many of the things that are inflationary and affect price levels, taken from my experience and study. Some of these can be remedied fairly easily, and the remedy would bring lasting benefits to the economy of the country. Others will be more difficult to deal with.

I do not know whether or not I have done a very good job in making myself clear, I can only hope for the best. I am in favour of the resolution.

Hon. Fred A. McGrand: Honourable senators, it is not my intention to make any lengthy remarks on inflation, its causes and cure. There is no unanimity of opinion in this chamber or in public opinion across this country on the question of inflation and the ill effects it has on the economy of this country.

The honourable Leader of the Government (Hon. Mr. Aseltine) said in this chamber on April 14:

> I am still at a loss to distinguish between natural growth and this new thing they call "inflation".

He left no doubt in the minds of honourable senators that he is opposed to a committee of this Senate making a study of inflation, and in this he has the support of the senators appointed since 1957 who have spoken on this motion.

I see no need for this chamber to be divided along partisan lines by the adoption of the motion moved by the honourable Senator Wall and seconded by the honourable Senator Leonard. It would give authority to the Senate Finance Committee to invite before it anyone in Canada who could give information as to the existence of inflation, the extent of inflation and the dangers of inflation. There should be nothing partisan in such an inquiry.

While some inside or outside of Parliament may say there is no inflation, or see no danger from inflation as it exists today, there are thousands of Canadians, including some of the most independent and best informed minds, who consider inflation as an evil and unnecessary thing and look upon inflation, unemployment and increased taxation as a trinity of evil. The farmer of the west who cannot sell his wheat; the farmer of the Maritimes who cannot ship his products into the markets of central Canada because of exorbitant freight rates; the worker who worries about job security; the civil servant whose salary does not keep pace with the cost of living; the pensioner on fixed income whose monthly cheque does not meet out-of-pocket expenses; the manufacturer who cannot put his products into the world market because of high production costs—these people know there is something wrong, call it "inflation" or by any other name.

No doubt the term "inflation", like the term "rheumatism" at the turn of the century, covers a multitude of ailments. It may not be easy to distinguish natural growth from inflation. It is not always easy to distinguish between normal growth and malignant growth in the human body. A malignant growth invades and destroys the function of normal tissue. Inflation invades and destroys the natural growth of industry.

Natural growth is a day-by-day occurrence. It took a long time to go from the horse and buggy to the automobile, to bring the turf roads up to the paved highways and the horse-drawn machinery to mechanized equipment.

In the days of low wages, low farm prices, low property taxes and no income taxes, the farmers did not march on Ottawa, nor did labour go on strike as it does today. Civil servants did not talk of collective bargaining with the Government. The consumer's dollar was divided between food, clothing and shelter. Education costs were low; so was the cost of medical care and the cost of amusement. Hospitals had few X-rays and laboratories, but daily care cost only a couple of dollars a day and each man paid his own way. Now it costs $18 to $20 a day under a Government-financed scheme. If we ever get the 30-hour week, hospitalization will cost about $30 a day and greater demands will be made on the taxpayer.

I agree with the honourable Leader of the Government that it is hard to distinguish between natural growth and inflation—the difference between the adoption of natural and normal methods of raising the standard of living and the introduction of unnecessary and expensive methods that increase the cost of living—and here is the need of the inquiry the motion proposes.

We must distinguish between a high standard of living and an expensive standard of living. A high standard does not mean two cars in every garage and a crime picture on every television set. Are there too many built-in and unnecessary services that take too much of the consumer's dollar? A study of this would help to distinguish between normal growth of services and inflationary ones. Surely no one should object to a comprehensive study of what the public calls "inflation" for the want of a more descriptive term.

There either is inflation or there is none. If there is, how dangerous is it? There must be a search for and identification of the causes before a remedy is suggested. How much of the consumer's dollar goes into the unnecessary advertising of a more or less useless product? How much of our dollar goes to the promotion of some television shows that are more dangerous than inflation itself?

"Keeping up with the Joneses" was always an expensive habit. Keeping up with the American way of life is too expensive for a country that must export its raw, mineral wealth, because our high-cost production prices Canadian products out of the world markets. The Clark report bears witness to it.

I agree with the honourable senator from Ottawa East (Hon. Mr. Choquette) that it would de difficult to bring top civil servants before the committee. These are the people who have already advised the Government. They would be embarrassed to turn over to the committee another confidential report already given to the Government. It could be interpreted as another "hidden" report. I am sure that no one in this chamber would wish to use again in Parliament such unparliamentary tactics.

I would like to know why honourable senators oppose investigation of this so-called inflation. They must agree all is not well in the Canadian economy. The honourable senator from Rosetown (Hon. Mr. Aseltine)

speaks for the Government in this chamber. Was he speaking for himself or for the Government when he voiced his disapproval of the proposed investigation? If the Government has an alternative plan, the Canadian public wants to know of it.

There is unrest that has manifest itself in more than one province. In Newfoundland, conflict between labour and the paper companies caused the provincial Government there to enact drastic labour legislation. Labour demanded that the federal Government disallow the legislation. The Newfoundland Government asked the federal Government to investigate the complaints of labour and management and then decide on the merits of the legislation. The federal Government's solution was a cooling-off period for all parties concerned. The quarrel between labour and the paper companies is not settled. The public is not in possession of all the facts that forced the provincial Government to enact this legislation, however drastic it may appear.

The public wants to know the cause of high unemployment and inflation. Labour tries to meet the squeeze of higher living costs by asking for higher wages. It wants to protect job security by less automation. Industry believes that higher wage rates will result in higher prices and less employment. In the meantime Canadian-made goods are squeezed out of the world markets and cannot compete in the domestic market against equally good and cheaper-made goods from European countries. The public wants to know and is entitled to know the reasons why.

A cooling-off period may be the treatment for one who sees visions. The wheels of industry have already cooled off and there is a laying-off of Canadian labour. A cooling-off period will not solve the demand of the Canadian people for more information about the condition of Canadian industry. It wants to know the difference between normal growth and inflation.

We realize Canada is a nation great in natural resources with a comparatively small population. The Canadian North has untapped mineral wealth. Railways have been built and are being built to bring iron ore from Labrador to the steel industry of the United States and Europe. Canadian industrial potential cannot be developed if high-cost production is to bar its goods from the world markets. Keeping up with the Americans is a heavy handicap to carry.

To meet the challenge of inflation and all the elements that integrate to form it, a full and thorough investigation should be carried out by some agency appointed by the Government. The Senate takes a second look at all legislation passed by the House of Commons, but its authority does not end there. Some years ago it investigated the drug traffic; three years ago, at the suggestion of the Government, it undertook a study of land use in Canada. It has the power to introduce legislation; it must have the right to investigate any danger to the well-being of the Canadian nation. This should be done with the concurrence of the Government. The members of the House of Commons are overtaxed with responsibility; the Senate has the time and the talent to undertake this work in the interests of the Canadian people. What greater purpose could it serve?

On motion of Hon. Mr. Monette, debate adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, April 22, 1959

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

Prayers.

DIVORCE

REPORTS OF COMMITTEE

Hon. Gunnar S. Thorvaldson, for Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 199 to 214, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

PRIVATE BILL

LUTHERAN CHURCH IN CANADA—REPORT OF COMMITTEE, WITH AMENDMENTS

Hon. Harold Connolly, Acting Chairman of the Standing Committee on Miscellaneous Private Bills, presented the report of the committee on Bill S-18.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred the Bill S-18 intituled: "An Act to incorporate The Lutheran Church in Canada", have in obedience to the order of reference of April 16, 1959, examined the said bill and now report the same with the following amendments:

1. Page 1, line 16: Strike out "The Lutheran Church in Canada" and substitute therefor "Lutheran Church—Canada".

2. In the title: Strike out "The Lutheran Church in Canada" and substitute therefor "Lutheran Church—Canada".

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

Hon. Mr. Reid: Next sitting.

COMMONS CHAMBER

On the Orders of the Day:

Hon. Jean-François Pouliot: Honourable senators, during the week-end I visited the House of Commons chamber, and I was sorry to see the bad condition of the green rug there. It is all worn out and very shabby. I ask the Government to see to it that the House of Commons chamber is as well looked after as is the Senate chamber, and that a new green rug is installed in the Commons chamber at the earliest possible opportunity.

The Hon. the Speaker: Would the honourable senator refer to the "other place"?

Hon. Mr. Pouliot: Yes, Mr. Speaker, but somebody might not understand.

I further noted that the brass railing in the other place was not shining. This would give a wrong impression to the countless visitors.

Hon. Mr. Dupuis: What about the brass hats?

Hon. Mr. Pouliot: They are not in this building.

INFLATION

MOTION TO INSTRUCT FINANCE COMMITTEE TO MAKE STUDY—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Wall:

That the Standing Committee on Finance be instructed to study the threat of inflation in Canada;

That the committee have the authority to send for persons, papers and records, and to report from time to time.

Hon. Gustave Monette: Honourable senators, I ask permission to place on *Hansard* a little later a table, of which I have prepared a number of copies for honourable members, if they are interested in following it. It contains figures taken from a table placed on record by a previous speaker, plus two columns of figures added by me.

Hon. Mr. Macdonald: May I ask the honourable senator to what the table refers?

Hon. Mr. Monette: It refers to the table which was presented by the mover of the motion (Hon. Mr. Wall) and which appears in *Hansard* of February 25, at page 234.

Hon. Mr. Reid: On what authority is the table based?

Hon. Mr. Monette: I will come to that later. There are five columns in the table which I will file. Three of them are a reproduction of the table already filed, and two contain calculations which I have made from the figures given in the original table.

Honourable senators, I had it in mind to say a few words in French, but I have had them translated into English, and perhaps time would be saved if I made my remarks exclusively in that language.

I have long hesitated before deciding to participate in this debate. First of all, I do not assume to be an economist. Then too, the data and conclusions of experts on the problem are very changing and doubtful, divergent in the extreme. Therefore, I apologize in advance for anything which in my remarks might appear debatable or which might offend the intelligence of honourable senators. Moreover, in this matter almost everything is relative and uncertain, and

almost all the conclusions of economists, as well as of businessmen, are disputed.

There is, however, a reason which has determined me to speak on this motion. I have long thought, with others, that at the end of this debate, the proposal for a second study of this question of inflation by a standing committee of this house, after the whole house itself has fully explored it, would not be insisted upon. In fact, it appears that we have been and are having here, in open official sittings of the whole Senate, as full and exhaustive consideration as possible of all the aspects of the subject-matter. We have had a long debate of almost two months, a brilliant and no doubt a very fruitful one, for a large number of our members are experienced in many kinds of business and are well aware of the facts and realities of practical economics. They are even, I would say, well learned in the fascinating, though ever-changing theoretical and dogmatic conclusions of writers on economics.

I take this opportunity to congratulate our chamber, especially upon the high credit those honourable senators have brought and are still bringing upon us by their discussion of the matter.

But could the Finance Committee determine and report to us anything superior or more enlightening than the views so eminently expressed here by our own colleagues, though they might have differed in their respective conclusions? To my mind such a repetition of the investigation would, at this time at least, appear useless. However, realizing that a large number of our colleagues seem determined to look for some authority as if—if I may say so, without offence—to qualify their own authority, I have to take my share of responsibility in this debate.

Inflation, it is contended, is a science. But that science, as well as economics generally, is most uncertain. It rests to a great extent, if not exclusively, on the interlocking of new facts and evidence, innumerable and complex, always changing, always moving toward most irregular and unpredictable directions and at a speed often disconcerting. And all of this takes place in a world itself always moving, where all the nations of the earth clash more and more among themselves, in their opposed ambitions and interests, with all their covetousness and hatred, the whole culminating in wars, which nowadays become world wars, leaving after them the disruption of nations, unbelievable misery in certain countries and instability of the universal economy.

No formula could better mark this moving and uncertain character of world economic tendencies than that given by Jules Verne in his imaginary and somewhat prophetic submarine, the *Nautilus*. That formula was *mobilis in mobili*—moving in the moving element.

There is this difference, however, that in the moving waves of the sea the expert pilot can always guard against extreme dangers, because he knows the exact location of reefs and sandbanks, the maelstroms, and other whirlpools, so extremely dangerous. Economists, however, were not able to warn or protect us beforehand against the ambitions of the Kaiser, the catlike traps of Stalin, or the maniacal tendencies of the Fuehrer. And today, who shall give the nations of the West the prescience necessary for our leaders to make proper decisions at conferences and in relations so imponderable and dangerous as exist now and which we are to face in the near future with the communist world and its unpredictable leaders?

The honourable junior senator from Winnipeg (Hon. Mr. Wall) has moved:

> That the Standing Committee on Finance be instructed to study the threat of inflation in Canada, ... and to report from time to time.

This would appear to be a very wide and involved subject-matter, as the term "inflation" is here mentioned in no qualified or particular meaning. Let us assume, however, that it is meant to be restricted to the financial aspect of the word. Yet, in that sense, it could refer to any kind of assets, resources, products, revenues and credits, as well as to any kind of indebtedness, public expenses, commitments and taxes, and even to the budget. In that sense also it might refer to the more special monetary aspect, that is, to anything which in any way, near or remote, points to money or currency. Then, it would involve inflation of prices and inflation of wages, with their progressing spiral, both of which imply inflation of the sums of money or other currency required for the settlement of such increased prices and wages. The expression would also apply to the inflation of buying power, that is, to my mind, the increasing of the revenues available for consumption.

In its strictest meaning, inflation would concern the instruments of payment, money of all kinds, paper money and other currency which serve in daily transactions; or it might concern the sum total of the monetary bulk—which includes all the means of settlement, even the most immaterial, particularly deposits, either in banks, *caisses nationales d'économie*, or other similar institutions, and deposits in diverse kinds of accounts in so far as such accounts allow payment by cheques, counter-accounts or other accountancy methods.

And, honourable senators, I conclude here what I have to say on this, though there are

a number of other aspects of the term inflation. An investigation of inflation, or simply an investigation of the "threat of inflation", as it is put in the motion, would involve discussion, direct or indirect, of rather numerous economic matters, affecting ultimately the budget now before the House of Commons. I do not mean to say we have no right here to speak of matters that may at present be before that house, but I just suggest what to my mind would appear to be improper to do at a time when the budget is being discussed.

In proposing his motion the honourable junior senator from Winnipeg referred to and put on *Hansard* a table which he prepared, and which he described as follows:

> ... to indicate the extent of annual price increases in our gross national product when related to constant 1949 dollars.

He declared that the figures in the table were secured from Dominion Bureau of Statistics. No one would—certainly I myself would not—cast any doubt on this assurance by the honourable senator.

Taking the table as reproduced in *Hansard* of February 25 last, at page 234, we have a very concise and clear exposé of the import of those figures. They indicate, for each of the years 1949 to 1958, both inclusive, the sum total of the gross national product of Canada, showing in distinct columns their value in current dollars, as well as in constant dollars, respectively; and in a third column there is a list of the respective yearly increases of such values in current dollars over their given values in constant dollars. This third column is entitled "Amount of price increase in gross national product". Without meaning any offence, I suggest this column could also be described as, "Difference in value of the dollar figures, as between current dollars and constant dollars".

The table also shows that the figures, given in thousands, are meant to represent millions.

I have no inclination to dispute the accuracy of the figures so given. However, the table does not happen to give a similar column to indicate the amount of increases or decreases, from year to year, of those yearly differentials between the current values and the constant values. For convenience of discussion I beg consent of the house to put on record in our *Hansard*— and I understand consent was given at the outset of my remarks—a new table reproducing entirely the table already filed by the honourable junior senator from Winnipeg, to which I have added a fourth column, indicating a list of the increases and decreases, from year to year, of those yearly differentials between values in current dollars and values in constant dollars. I have also added a fifth column, indicating the percentage of increase, year by year, of the constant 1949 dollar value of those differentials.

(Original table already filed)

Year	G.N.P. in current $	G.N.P. in constant 1949 $	Amount of price increase in G.N.P.	(Added 4th column) Difference of increase over previous year	(Added 5th column) Percentage of yearly increase of prices over constant 1949 dollar
		(in millions of dollars)			
1949	$16,343	$16,343			
1950	$18,006	$17,471	$ 535	not given	3 %
1951	21,170	18,547	2,623	$2,088	over 14 %
1952	23,995	20,027	3,968	1,345	over 19 %
1953	25,020	20,794	4,226	258	over 20 %
1954	24,871	20,186	4,685	459	over 23.2%
1955	27,070	21,961	5,109	424	over 23.2%
1956	30,182	23,594	6,588	1,479	27.5%
1957	31,443	23,558	7,885	1,297	over 33.2%
1958	32,900	23,746*	9,154*	1,269	over 34.4%
Nine-year total			$44,773,000,000.00		
Average annual price increase in G.N.P.			$ 4,974,777,777.77		

*Preliminary estimate based on 11 months' data.

As honourable senators will see, the original table filed by the honourable senator and appearing on page 234 indicates the total value for 1949, which is given as the basic year, of the gross national product, as being $16,343 million, in constant dollars, which sum is also for that year the value in current dollars.

For the year 1950, the total value of the gross national product is given at $18,006 million current dollars, as against $17,471 million constant 1949 dollars.

As honourable senators will notice, the years and the first three columns of figures in this table are taken from the table originally filed. Then in the fourth column I show the difference between the yearly figures in the third column, this third column representing the annual increase from 1950 to 1958 in the value of the gross national product, which increase is the difference between the value expressed in current dollars, as shown in the first column, and the value expressed in constant 1949 dollars, as shown in the second column. In 1950 this last mentioned difference amounted to $535 million. In 1951 the difference between the current dollar figure of $21,170 million and the constant dollar figure of $18,547 million amounted to $2,623 million, as shown in the third column. Similarly, for 1952, $23,995 million represents the gross national product in current dollars, and $20,027 million represents the gross national product in constant 1949 dollars, and it will be seen that the difference amounted to $3,968 million.

Honourable senators will see, from the fourth column, that for 1951 I show the figure of $2,088 million, this being the difference between the gross national product of $535 million in 1950 and that of $2,623 million in 1951. Column 4 shows the annual increase in the differentials between current dollars and constant dollars over each of the previous years. For instance, in 1952 the amount was $1,345 million, and in 1953, $258 million, and so on down to 1956, when the differential jumped to $1,479 million.

Hon. Mr. Reid: Would the honourable senator mind explaining the meaning of the terms "constant dollars" and "current dollars"?

Hon. Mr. Monette: The "constant dollar" is something that is arbitrarily determined from time to time. For instance, the constant dollar used here is the value of 100 cents in buying power as of the year 1949. Then, if in any subsequent year there is a decline in the buying power of the dollar, the expression "current dollars" applies to the depreciated dollars, a greater number of which will be necessary to buy a given product than would have been required to buy the same product in 1949.

For the purpose of information, here the value of the gross national product is given from year to year in constant dollars, and then in current dollars, and the increased cost in current dollars, it is assumed, represents inflation.

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To return to the year 1956: it shows a differential of $1,479 million between the increase in value of the gross national product for that year over the increase for the preceding year, the increase each year being the difference between the value in constant dollars and the value in current dollars.

The following year, 1957, was the year in which the old administration had the responsibility for the conduct of affairs for the first six months, and then a new administration took over. Without taking account of the time required for the new administration to take full possession of office in the year 1957, it may be said that the responsibility for that year was shared half and half between the two administrations. The figure for that year shows a reduction in the differential to $1,297 million. In 1958 the differential was further reduced to $1,269 million.

Honourable senators will appreciate with respect to these yearly increases that there was at the outset a big spread of $2,088 million, which was gradually reduced. Then in 1956, which was the year in which there was a move in this house to make a thorough and exhaustive investigation of inflation, there was a jump in the differential to the amount of $1,479 million. During the years 1957 and 1958 this differential was gradually reduced.

Honourable senators this is an arithmetical calculation of the results over these years, and except for clerical errors—though I have checked it many times—I believe it to be correct. As I have said, this calculation flows from the figures given by the honourable senator whose motion we are debating (Hon. Mr. Wall). To my mind the conclusion shown in column 4 is not necessarily the best conclusion, though it is eloquent.

The fifth column gives the percentages of the yearly increase of prices expressed in current dollars over constant 1949 dollars. The percentage of the increase is based on the 1949 dollar, taken at 100 cents, and is shown in percentage figures in the fifth column. The fifth column indicates that by 1950 the 1949 dollar had increased by 3 per cent, that is, to $1.03. In 1951 it suddenly increased by over 14 per cent, so a little over $1.14 was required to equal the constant dollar of two years previous. In 1952 a similar progression took place: by that year the percentage of increase would make the constant dollar of 1949 equal to $1.19.

Hon. Mr. Aseltine: In 1951 it was how much?

Hon. Mr. Monette: In 1951 it was 14 per cent. In 1952 it was 19 per cent, so the increase would bring the constant dollar of 1949 to $1.19.

In the following years there was a similar progression. In 1953 the constant dollar of 1949 was inflated, if that is the right word, to $1.20. In 1954 the figure was $1.232, and in 1955, the same, $1.232. In 1956 it was $1.275, and in 1957 the increase was over 33 per cent, which would make it $1.33 for the 1949 constant dollar. Finally, in 1958 there was an increase of 34.4 per cent, a little more than one point over the previous year, so the constant dollar of 1949 was equal to $1.34 last year.

That last column, which gives percentages, indicates the real increase, or inflation, in the 100-cent dollar of 1949.

The honourable junior senator from Winnipeg summarized the general results of his table of three columns for all those years, and those differentials in value are given for current dollars and constant dollars. He said, as reported at page 235:

> Honourable senators will see that based on current dollars our 1958 gross national product is presently being forecast at a total of $32.9 billion...

That is correct. It was a forecast, because there were still in 1958, at the time that table was prepared, some months of the year to come. I have checked it, and instead of being $32.9 billion it is $32.2 billion, and that translated into constant 1949 dollars is the basis of our consumers price index.

The honourable senator referred to the consumers price index, and then said:

> ...our gross national product for 1958 amounts to only $23 billion 746 million. By subtracting these two figures we get a startling price cost increase in our estimated 1958 gross national product of $9 billion 154 million.

That is for one year, 1958. He continued:

> If we add these inflation cost differentials for the past nine years we get the staggering sum of almost $45 billion, and an average annual price increase figure in our gross national product of almost $5 billion.

Without disputing the figures I would like, with respect, to make some comments. In those remarks the honourable senator has accurately summarized in a lump sum the total amount for the year 1958 of what he has called the startling price cost increase in our estimated 1958 gross national product of $9 billion 154 million. He did not happen, however, to mention, nor qualify, as startling or otherwise, the price cost increase in our estimated gross national product for each of the previous years indicated in his table. Nevertheless, he did give the total for the past nine years of those inflation cost differentials, which total amounts, as he put it, to the staggering sum of almost $45 billion, the whole constituting, as he said, an average price increase figure in our gross national product of almost $5 billion, and that is yearly.

Then the honourable mover of the motion continued:

> This very pertinent question plagues all of us: Who has been shouldering the major part of the cost burden of this amount of relative inflation in our gross national product? And if not the Parliament of Canada, then who is to attempt to locate the answers and to give direction to controlling this most insidious of all taxes—inflation?

That question I will answer immediately. It may not be Parliament, but it is the Government that will attempt to locate the answers and give direction. It is the Government which gives the direction, though legislature measures that come before Parliament have to be considered by both houses.

He continued:

> It is insidious...

He had already referred to inflation as being the "most insidious of all taxes".

> It is insidious because although it actually puts more dollars into some, though not all, hands, it stealthily dilutes the value of each dollar; it is insidious because everybody has not shared in these extra dollars.

Again, may I interrupt to say that it is on the regular market that people buy with the dollar of the new value. The poorer man sometimes has to cease buying as much as he did before his dollar money was devalued in that way.

The honourable gentleman continued:

> It is an insidious technique of literally stealing money without the embarrassment of identifying the victims or too closely pointing out the beneficiaries. Holders of savings accounts, bonds, pensions, annuities and insurance policies are being systematically and inexorably victimized. Only the organized, the influential and the knowledgeable, and governments, are able to benefit from these extra dollars, and they do so, wittingly or unwittingly, at the expense of their weaker fellow citizens who are not in a position to enforce their just demands for an equitable share of this inflated national product.

Those words, well expressed as they are, are well guarded. But, honourable senators, I submit that the description of this so-called inflation as the "most insidious of all taxes . . . an insidious technique of literally stealing money without the embarrassment of identifying the victims or too closely pointing out the beneficiaries", might not appear to be justified—I think I can say that without offence—since the inflation referred to is thought in many quarters to be the natural growth of prices in relation to the gross national product of each year, and this growing process has existed not only since 1949, but since 1938, and surely even long before that. It is, at least relatively, a natural growth in the opinion and experience of many economists and businessmen. It is the natural growth referred to by the honourable Leader of the Government (Hon. Mr. Aseltine) on the occasion of his speech the other day.

There is nothing in the whole speech of the mover of the motion to support the possible implication of the existence of a "technique of literally stealing money" in relation to this yearly increase of the differentials between the actual buying power of the dollar in comparison with its buying power in 1949. He did not point out any actual refusal by anyone, either within or without the Government, to embarrass himself in, as he put it, "identifying the victims or in too closely pointing out the beneficiaries". Neither does there appear to be any justification for the charge that "Only the organized, the influential and the knowledgeable, and governments, are able to benefit from these extra dollars, and they do so, wittingly or unwittingly, at the expense of their weaker fellow citizens who are not in a position to enforce their just demands for an equitable share of this inflated national product."

Moreover, as we will see, the purport of those remarks will strike back at those who before the year 1957 would have failed to embarrass themselves with trying to make such identification.

I now invite honourable senators to take a look at the fourth column that I have added to the table which I have placed on record. Reference has been made to the constant dollar of 1949 and, in some places, to the cost of living index. The two bases are not the same and they give different results. If you take the table and calculate the yearly increase in cost of living in relation to the yearly increase in national growth, you will find a difference. Because of this, though I may not be qualified to do so, I would like to express my remarks on what information I have gathered. I have summarized my conclusions and if they are not correct I will take no offence at being corrected.

During the period 1949 to 1958 the consumers price index rose by about one-quarter, reaching exactly 125.1 in 1958. During the same period the increase in prices, in terms of gross national product, amounted to somewhat more than one-third, that is, as appears in the fifth column of the table I have just filed, 34.4 per cent, making a rise to 134.4.

The difference between these two price movements arises because the gross national product measures the market value of the total of goods and services produced in a given period by Canadian residents, whereas the cost of living index measures the prices of goods and services which a typical Canadian family normally buys. The sources of calculation are somewhat different. In other words, each of the two series is designed to fulfil a specific and different function. It can be seen that the concept underlying the measurement of gross national product is much more broadly based than that which serves to determine the cost of living. The total of the gross national product comprises the market value of goods and services produced not only for consumption but also for the purposes of capital investment for export and for use by governments. The cost of living index, on the other hand, is primarily concerned with the retail price of consumer goods and services.

It is also important to note that year-to-year changes in the cost of living index are designed to measure price changes of a "fixed basket" of goods and services.

This basket of goods and services conforms as closely as possible to the typical expenditure pattern of the average family. On the other hand, year-to-year changes in the gross national product or in its components are calculated in respect of the actual production in each year. For instance, the production of washing machines might go up in one year by 20 per cent, though prices of washing machines might rise by 10 per cent. This would have a relatively large effect on the overall price movement of the gross national product. However, it would be relatively less important in the cost of living index, because this series would be affected solely by the 10 per cent rise in prices, since the quantity assumed to be purchased by the average family remains stable. It seems reasonable to assume, therefore, that the impact of price changes on the average man and his family is more truly reflected in the movements of the consumers price index, because this statistical series is specifically designed to reflect the expenditure pattern of consumers.

With these explanations in view, I will now give honourable senators a comparison of some tables. I have procured from officials of the Department of Finance a table which I assure honourable members is well verified. It shows the consumers price index in 1949 as 100. At the end of 1958 it had risen to 125.5. The choice of the year 1949 as a base year was arbitrary. I find that in 1939 the consumers price index was 63.2. In the 20-year period from 1939 to 1958 the price index rose from 63.2 to 125.5, an increase of 98 per cent.

Hon. Mr. Vaillancourt: Of course, 1939 was a time of deflation, not of inflation.

Hon. Mr. Monette: I have also secured a table showing the exchange rate on U.S. dollars in terms of Canadian dollars. This table indicates that in 1949 the American dollar stood at $1.03 in relation to the Canadian dollar. In 1950 it stood at $1.08, and in 1951 at $1.05. Then our dollar picked up. In 1952 the American dollar stood at

98 cents; in 1954, 97 cents; in 1955, 98 cents, and the same in 1956; in 1957, 96 cents, and in 1958, 97 cents.

Honourable senators, as I mentioned at the opening of my remarks, our discussion of the past two months on the motion before us has constituted a thorough investigation of the subject-matter of inflation. Adoption of the motion, I submit, would call for a second investigation.

May I remind honourable senators of what happened in 1956? The former administration was then in office. During the session which started on January 10 that year the Standing Committee on Finance was authorized to examine the expenditures proposed by the estimates.

At page 753 of *Hansard* for 1956 the committee's order of reference is set out as follows:

> That the Standing Committee on Finance be authorized to examine the expenditures proposed by the estimates laid before Parliament for the fiscal year ending March 31, 1957, in advance of the bills based on the said estimates reaching the Senate:
>
> That the said committee be empowered to send for records of revenues from taxation collected by the federal, provincial and municipal Governments in Canada, and the incidence of this taxation in its effect upon different income groups, and records of expenditures by such Governments, showing
>
> (1) Sources of income and expenditures of same under proper headings, together with
>
> (2) estimates of gross national production,
>
> (3) net national income,
>
> (4) movement of the cost-of-living index, and
>
> (5) their relation of such total expenditures for the year 1939 and for the latest year for which the information is available and such other matters as may be pertinent to the examination of the estimates, and to report upon the same.
>
> That the said committee be empowered to send for persons, papers and records.

The committee, of which the late Senator Hawkins was chairman, sat and made what I would judge to be a very exhaustive, serious and conscientious study. It reported on June 20, 1956, and as will be seen from page 756 of *Hansard,* this is what it said, in item No. 8, under the heading "Inflation and Export Markets":

> Your committee gave some consideration to the danger to Canadian export markets inherent in the inflationary trend, with its higher costs of production. The danger inherent in this trend is immediately obvious.
>
> The ability to compete successfully in foreign markets is based to a large extent on the domestic cost of production, and increases in the latter cannot help but have damaging effects on the former.
>
> Your committee feel that a study of all production costs should be made if these inflationary trends are to be curbed and if Canada's valuable export market is to be safeguarded. An exhaustive inquiry into this subject at the next session of Parliament is strongly recommended.

That was a recommendation of the Senate's Finance Committee, and it was unanimously adopted.

May I say in passing that the late Senator Hawkins, in the short time that it was given to me to know him impressed me deeply by his personality and devotion to duty, as well as by his integrity.

That session of Parliament was prorogued on August 4, 1956. The next session of Parliament, referred to in the report for the holding of an exhaustive inquiry on inflation, opened on January 8, 1957 and prorogued on April 12 that year.

Well, honourable senators, if I am not mistaken, an exhaustive inquiry, particularly as to the subject of inflation and export markets, as recommended unanimously by the Senate for study by its special committee, was never held, either in the remaining part of that 1956 session or during the whole of the 1957 session. To this I want to make a little exception: on June 26, 1956, there was a short debate on the motion for concurrence of the Senate in the committee's report, and at that time the honourable chairman of the committee, the late Senator Hawkins, made a few remarks on the subject-matter of inflation, which remarks were absolutely devoid of any desire to criticize the Government. Another speech was also then delivered by the then Leader of the Opposition (Hon. Senator Haig), and his speech also was devoid of any idea of criticism of the Government.

Now, honourable senators, as I have said, from the figures in my table there appears to be no purpose to be served by a new inquiry. The Senate has been conducting one for the last two months, and a new one by a committee of the Senate would probably be useless and might last several months more. It would have to cover the conditions which existed in 1956, about which an inquiry and a report have already been made, as well as the conditions in prior and subsequent years.

If in 1957 the Government of the day did not decide to sponsor an exhaustive inquiry, or any further inquiry at all, it means simply that it did not accept the suggestion of the Senate. I do not pretend it is unconstitutional or unparliamentary to discuss this matter here, but the fact is that the Government took no steps to have an inquiry, although the Senate, because of the Government's majority here, would not have been expected to be critical of Government policy. In any event, the investigation did not take place, for what reason I do not know. Perhaps someone could tell me. And now, when an exhaustive inquiry has been made this session by the whole Senate, I see no

reason why we should have a second investigation, not by the Senate, not by Parliament, but by a committee of the Senate.

Quite apart from that, if the motion were passed we might have to make a study of conditions that existed as far back as 1951, as indicated in the table I filed. Then in what position would we be here? For many years we have been following the example set by two eminent senators, many others I am sure, the late Senator Dandurand and former Senator Meighen, each of whom was in turn Leader of the Government in the Senate and Leader of the Opposition in the Senate. I do not need to quote their words, for they have been referred to here many times. My sincere desire is to be unprejudiced, and I cannot see any reason why we should continue the inquiry, in another form, as proposed. I recommend that we do not do so.

May I say that I respect contrary opinions of honourable senators, from whatever side they come, and I welcome favourable opinions from either side. Since coming to the Senate I have acquired the feeling that we in this house do not consciously base our speeches or decisions on narrow political considerations. In matters of investigation our task is to gather the facts and comment on them, as was done in this instance. It is then for the Government to decide on budgetary matters and other questions of policy.

In conclusion, I honestly beg honourable senators not to take the risk, even in a small measure, of turning this house into a body that might appear to have the psychology of of undue partisanship.

I am grateful for the kind attention honourable senators have given to my remarks this afternoon. As to the motion before the house, I feel I shall be justified in voting against it.

Hon. W. Ross Macdonald: Honourable senators, there remains very little for me to say on this motion, and even if I were inclined to make a speech on inflation, which I am not, I would hesitate to do so at this late stage in the debate.

I rise at this time for one purpose, and that is to endeavour to allay the fear of the honourable Leader of the Government (Hon. Mr. Aseltine) that I or any senators with whom I have spoken have any intention of gaining any political advantage from a discussion of this subject in committee. I say further, I have spoken to a great many senators—to all who have participated in this debate and not one of them has any desire to obtain any political advantage.

Hon. Mr. Aseltine: Why were we not consulted about the matter before the motion was brought in?

Hon. Mr. Macdonald: I did not bring in the motion, and I cannot speak for its mover. The Leader of the Government will recall that I did mention to him that the honourable junior senator from Winnipeg (Hon. Mr. Wall) had said he wanted to bring in the motion.

I may also say at this time that I am surprised that there is any opposition to a reference of this subject to the committee. I was quite surprised when the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) intimated that he would oppose the motion. That was the first intimation I had that the motion would be opposed. I admit that when I mentioned the proposal to the Leader of the Government he was not too enthusiastic about it.

Hon. Mr. Aseltine: I said there was a lot of objection to the proposal. I remember telling you that.

Hon. Mr. Macdonald: No doubt the leader did tell me that, but he did not suggest there would be opposition to the motion. I repeat, I was quite astonished when I came in the house and heard the honourable senator from Winnipeg South make a speech in which he stated definitely that he would oppose the motion.

Honourable senators, this motion was introduced in the house on February 25, but even before that a number of honourable senators had discussed and had warned us of the pitfalls which will surely beset us if we allow to go unchecked the present inflationary trends. The speech on this subject which impressed us most forcibly was, without doubt, the one delivered by the honourable senator from Inkerman (Hon. Mr. Hugessen). It was only after that speech that the honourable junior senator from Winnipeg introduced his motion, at which time he delivered, I think we will all agree, an exceptionally fine, scholarly and well-documented address, which was supported by an equally commendable, concise and forthright statement by the honourable senator from Toronto-Rosedale (Hon. Mr. Leonard).

Since then there has been a very worthwhile discussion on this subject, with eloquent and informative addresses from both sides of the house. Honourable senators will pardon me if I do not refer directly to any of these speeches. We have had an excellent debate. Those who participated in it have spent a great deal of time and have done considerable research in preparing their speeches. In view of the number of speeches which have been

made and the information which has gone on the record, I feel—and I am speaking personally—that we should, with as little delay as possible, carry out the proposal of the mover and seconder of this motion, namely, instruct the Standing Committee on Finance to study the threat of inflation in Canada.

It has been suggested in this house, either by inference or by direct statement, that creeping inflation is inevitable. This, honourable senators, is not in accordance with the opinion expressed by the present Minister of Finance. He is one who does not agree that creeping inflation is either desirable or inevitable. He has used very strong language in this connection, and has said that to argue that inflation is inevitable is a reflection upon and an insult to the intelligence and moral fibre of free peoples.

It has been said during the debate in this house that the House of Lords would not entertain a motion of this type. Honourable senators, I am not so sure that that is so. In fact, I feel certain that the House of Lords would not hesitate to undertake a study of this kind. It was my good fortune to be in London last fall, and while there I attended a sitting of the House of Lords. Honourable senators will recall that the powers of that house are much more restricted than are the powers of this house. The day I attended a sitting of the Lords a motion was made by Lord Lloyd, a supporter of the Government, for production of certain papers. The purpose of the motion was to require the Government to spend more money on the rehabilitation of expelled British nationals from Egypt. That was a financial question. The House of Lords could not bring in a bill, but it could pass a motion requiring the Government to produce the papers which would mean that in the opinion of that house the Government should spend more money on the matter referred to.

Now, the honourable leader in this house stated during his speech, as reported at page 466 of *Hansard*, that he had taken the trouble to read again speeches of Senators Lougheed, Meighen, Dandurand, King and others, and he said he was

> —of the opinion that if they were here today they would not want the Standing Committee on Finance of the Senate to proceed with a study of this kind.

Well, honourable senators, I am not too sure of that. In fact, I am quite sure that if they were in this house today they would take a different attitude entirely. I took the trouble to look up the debate in this house on May 22, 1919 when the motion was made to set up the Committee on Finance. Did Senator Dandurand or Senator Lougheed oppose the setting up of the committee? Neither of them did. Senator Lougheed did not go all the way on the proposal, because he thought that the supply bills might be referred to this committee at the end of the session, or during the session, and he did not think that supply bills should be referred to the Finance Committee. I agree with him wholeheartedly. I was quite interested in this, and I was quite flattered when I read in his remarks that he thought supply bills should be referred to a committee of the whole house. Honourable senators, I do not want to boast, but do you not recall that last year I suggested that the supply bills, when they come to us, should be referred to the whole house?

Hon. Mr. Aseltine: Supplementaries only.

Hon. Mr. Macdonald: We were dealing with a supplementary supply bill, at the time, but I made that suggestion then, and I was amazed to find the same suggestion had been made in 1919 by no other than Sir James Lougheed. That was the only objection he took to the setting up of this committee. I would like to read his opening remarks, but before I do so may I say that the debate on the setting up of this committee did not go on for almost two months; it was decided in one day to set up the committee. I am sure the honourable Leader of the Government (Hon. Mr. Aseltine) would be very interested in the opening remarks made by Senator Lougheed on that day. This is what he said:

> Honourable gentlemen, I must confess that I feel a degree of uncertainty in saying anything upon this subject, because it possibly might be construed or interpreted as meaning that the Government, in submitting its financial bills to the Senate, did not desire that scrutiny and that close examination which a special committee of this character could give. That, I need scarcely say, is not the case.

He hesitated even to speak on the subject. Then, in another paragraph in his speech he said:

> Now, there is a class of financial questions that come before the Senate from time to time with which members of the Senate might very well acquaint themselves.

Remember, this was Senator Lougheed, the gentleman who the honourable Leader of the Government said would not be in favour of this motion. He went on:

> It would be not only expedient but very desirable in the public interest that they should do so. There is no reason why such a committee should not make a close study of problems of this kind. There is no reason why the Senate should not give closer attention to questions of taxation than they do—I mean, to the policy involved in the many problems of taxation which come before the Parliament of Canada from time to time.

That is what Senator Lougheed thought of this committee and of its functions. Senator Dandurand supported the motion without

reservation because he felt that the Senate would not, in any event, send supply bills to the committee.

I felt I should read those excerpts from Senator Lougheed's speech so that honourable senators would feel, as I do, that if Senator Lougheed were alive today he would support the motion. I am confident that he would not have spoken against the motion.

My honourable friend the Leader of the Government said that he did not think these gentlemen would support the motion for fear it might in the end turn this house into a partisan political body. With all due respect to my honourable friend, I think that is a pure figment of his imagination. I cannot be too emphatic when I say I can find no intention of that sort from anyone in this house.

The honourable leader used these words:

> Honourable senators, this motion is now before us as though the present Government were responsible for all the inflation that has taken place.

I have listened to all the speeches that have been delivered in this house, I have re-read many of them, and I can find nowhere in any speech any suggestion that the present Government is responsible for all the inflation which is with us today.

There are many factors apart from the financial policy of the Government which contribute to inflation. It was only the other day that the Prime Minister, to use the words of a certain newspaper, blasted certain businesses for inexcusably increasing the prices of their commodities beyond the tax increases in the recent budget. Honourable senators, if such increases have been made it is bound to have an effect on inflation, apart altogether from Government financial policy.

Then, there is credit buying. What effect does credit buying have on inflation? Labour says that management—or shall I use the word "capital"?—is largely responsible for inflation. Capital, or management, turns around and says the responsibility is on the part of labour. I am sure that the Government would welcome an inquiry into this aspect of this perplexing subject. Probably that is one of the things that the Minister of Finance had in mind when he recently stated that he not only always approved of, but had always welcomed, public discussion on the subject of inflation. It was he who stated in no uncertain terms, referring to the subject of inflation, that nothing but good can come from a better public understanding of its causes, aspects, risks, dangers and of the serious economic distortions which it produces.

Honourable senators, nobody gains from inflation. Some may get a temporary advantage but it would seem to be properly described as a dangerous disease that attacks and possesses everyone. Education is an essential part of the treatment that can lead to its arrest and defeat. It must be forcefully and repeatedly publicized in order to marshal support at all levels so that its spread may be checked. Why, I ask, in such circumstances should anyone oppose research and study on this question that requires so much public support if any treatment is to be successful?

I feel, notwithstanding what has been said in this house, that the Prime Minister would welcome an inquiry free from bitter political partisanship into this subject. The committee's findings, after its inquiry conducted in the spirit which I have mentioned, could only be helpful to the Government. The Prime Minister has confidence in the committee. He has referred to it and, Mr. Speaker, I hope you will not object if I refer to a few words used by him.

The Hon. the Speaker: Words used by the Prime Minister in another place?

Hon. Mr. Macdonald: Yes. Speaking on a motion to refer the Canada Council Report to a committee of that house, the Prime Minister said:

> My understanding is that if this motion is acceptable a committee of this house will be set up, and in the other place the action taken will be to submit a report to the Finance Committee.

So there can be no doubt, honourable senators, that the Prime Minister has confidence in our committee.

So far as I am concerned, I would welcome a conclusion of this debate today, if possible, so that the committee may commence its task forthwith. I am still hopeful that there will not be a recorded vote on this motion. I think all honourable senators must now feel assured that no one hopes to gain any political advantage from referring this matter to committee.

It is needless for me to say that the task is going to be a very difficult one, but on the other hand, I am sure it will be a very rewarding one. I am convinced that under the capable chairmanship of the honourable senator from Saint John-Albert (Hon. Mr. Emerson) the committee will assume its function not in a spirit of narrow political partisanship but with the sole object of preventing Canadians from suffering the hardships and worries of less fortunate peoples who have lived in countries where runaway inflation has resulted in making their money valueless. With this aim in view the committee can and, I am confident, will perform a worthwhile service not only to the Government of Canada but to the people of Canada as a whole.

On motion of Hon. Mr. Wall, debate adjourned.

PRIVATE BILLS

PARAMOUNT (PACIFIC STANDARD) LIFE INSURANCE COMPANY—COMMONS AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the House of Commons to Bill S-12, to incorporate Paramount Life Insurance Company.

On motion of Hon. Mr. Reid, amendments concurred in.

CONGREGATION OF SISTERS OF HOLY FAMILY OF BORDEAUX—COMMONS AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the House of Commons to Bill S-14, to incorporate the Congregation of the Sisters of the Holy Family of Bordeaux.

On motion of Hon. Mr. Méthot, amendments concurred in.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, April 23, 1959

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

Prayers.

PRIVATE BILL

EXPORT FINANCE CORPORATION OF CANADA, LTD.—COMMITTEE AMENDMENTS CONCURRED IN

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce presented the report of the committee on Bill S-17.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (S-17) intituled: "An Act to incorporate Export Finance Corporation of Canada", have in obedience to the order of reference of March 20, 1959, examined the said bill and now report the same with the following amendments:

1. Page 1, line 13: After "Canada," insert "Ltd.,"
2. Page 2, line 31: Strike out "entertain" and substitute therefor "deal with"
3. Page 2, line 32: Strike out "in another country" and substitute therefor "within or outside Canada"
4. Page 3: Strike out clause 8
5. Page 3, line 13: After "14," insert "15,"
6. Page 3, line 14: After "58," insert "59,"
7. Page 3, line 14: After "65," insert "84,"
8. Page 3, line 16: After "sections" insert "59,"
9. Page 3, line 27: After "Sections" insert "153, 162, 163,"
10. In the title: Strike out "Export Finance Corporation of Canada." and substitute therefor "Export Finance Corporation of Canada, Ltd."

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

Hon. Mr. Hayden: With leave of the Senate, I move that they be concurred in at this time.

Hon. Mr. Reid: I was going to ask for an explanation, but I believe we are going to get it anyway.

Hon. Mr. Hayden: There is something ominous in that remark of the honourable senator from New Westminster, but I can assure him that he will get an explanation whether he has asked for it or not.

Honourable senators, I felt I would like to give an explanation of these amendments at this time so that afterwards, if you decided that consideration of the amendments should be deferred, you would have the explanation as well as the rather bald statement in the committee's report. What I propose to do, honourable senators, is to state the purpose of the various amendments and then give you a very short statement as to the nature of the evidence before the committee.

You will recall that the purpose of this bill is to assist in the financing of transactions involving exports from Canada to various countries. Canada has been peculiarly lacking in the machinery for doing that sort of thing. The banks have a very limited range within which they operate. In other countries of the world—in practically all the other countries—there are facilities quite apart from the Government which provide financing so that there may be substantial exports carried on by that country. Those exports can take the form of exports of consumer goods, capital goods, services, the financing of projects and participations in operations in other countries.

We had before us in the committee representatives of several banks. I particularly recall Mr. E. Ernst, Assistant General Manager of the Bank of Montreal, who said that in his view this bill was sound in principle and would fill a gap in our financing of exports. He thought it would be of great value to Canadian industry. Mr. Arthur Mayne, Associate General Manager of the Royal Bank of Canada, supported that view. Mr. K. W. Taylor, Deputy Minister of Finance, indicated to the committee that there was a definite field for the kind of thing contemplated in this bill and which does not exist now in financing in Canada. Mr. Hugh Aitken, President of the Export Credits Insurance Corporation, was very strong in his statement as to the purpose which a company of this kind could serve. He indicated there would be no conflict between the operations of the Export Credits Insurance Corporation and this new corporation, if and when it is incorporated.

The Export Credits Insurance Corporation insures exporters to the extent of 85 per cent against default in payment for goods exported. There are limitations to the operations of the company. These are dictated by the amount of money it has available, and the amount and duration of the credit risk involved in the contracts it is asked to insure. Generally, he indicated they have a policy under which, on consumer goods, they would not insure the payment even of the 85 per cent in any case where the credit was for a longer duration than, say, 90 or 180 days. With respect to capital exports on light equipment, they might look at a term of two to three years. In the case of heavy capital goods that are being exported they might be prepared to consider a term up to five years. However, there are many limitations upon their operations, which are dictated by their assessment of the economic position and all the other factors of the country importing these goods. Of course, the real difference is that the Export Credits Insurance Corporation is an insurer, whereas

the purpose of the company seeking incorporation under this bill is to finance. Even if an exporter is able to get export insurance he may, nevertheless, be unable to get the necessary financing. It was indicated to us in committee that, if and when the company is incorporated, possibly 10 or 15 per cent of its business would consist of that which has the benefit of export credit insurance. For the substantial part of the business however, that type of insurance would not be available and the company would have to be agile and resourceful enough, and have sufficient understanding of world markets in dealing with foreign country currencies, to be able to negotiate, as a result of which the manufacturer in Canada who is manufacturing for export would get his money, and this corporation would intervene itself between the manufacturer and the buyer of the goods and carry the risk, and hope to make a profit from it.

In the course of our consideration of the bill in committee, we had before us not only these bankers and other men I have already mentioned, but also a Mr. Stanger, who was one of the promoters of the bill. We also had Mr. Hurter, the head of a very large engineering firm with engineering operations in various parts of the world, who was able to cite chapter and verse from contracts and tenders that had been invited from various parts of the world, this year, last year and the year before. The nature of the capital goods required was such that Canada could have been in the competitive market, but the terms presented difficulties. For instance, Egypt wanted five years' credit in relation to certain capital goods, and although some manufacturers in Canada considered the invitation tender, not one was in a position to take on the job, because not one could get the financing. I say this corporation is intended to fill that need. Whether it will do so completely, or at all, will depend upon how skillfully it is operated once it is incorporated and gets going.

Honourable senators, in a very summary way that is the nature of the evidence we had before us. I should say that when we were considering the bill section by section we also had before us Mr. Catanach, who is in charge of the Companies Branch of the Department of the Secretary of State. As we went over the various clauses in the bill to decide what sections of the Companies Act should be made applicable and if additional ones should be added, we had the benefit of his view. We feel, therefore, all in all, that the committee has given as thorough consideration to the bill as it reasonably could do.

I come now to the nature and extent of the amendments to the bill and the purpose behind them. It will be noticed that the name of the company as proposed in the bill is Export Finance Corporation of Canada. There was some feeling in the committee that, with such a name, the company might be regarded abroad as in some fashion a Crown company, or as having the Government of Canada behind it. We explored the possibility of various changes in wording and using some other name. As a practical matter we ran into the difficulty, as pointed out to us by the sponsors of the bill, that when you start translating the name into the many foreign languages of the many countries where you would be operating, you would be presented with many problems. Finally we decided that if we put the word "Ltd." at the end of the name that should be significant enough to indicate that this was not a Crown company. So we decided that that was the way to meet the objection of all present, that it would present the least difficulty to the promoters of the bill in the work of promotion and advertising that they would be doing afterwards—and a corporation of this fashion will operate to a very considerable extent through the commercial intelligence agencies of the Government of Canada in various parts of the world in promoting trade that will be of benefit to Canada.

The next amendment was simply a choice of words and maybe there is a little bit of humour in it. The bill as presented to us gave power to the corporation to entertain financing applications for resale to a lender in another country on a commission or fee basis. Well, some members of the committee felt that as "entertain" is a word that has many connotations we should be very scrupulous about its use, so we decided that possibly it would be better to substitute for it the words "deal with". That made every person very happy who previously had felt bothered by the word "entertain". Frankly, I was not bothered by the word "entertain"; I think it is an excellent word in all its connotations.

The next amendment is hardly worth mentioning. It strikes out the words "in another country" and substitutes "within or outside Canada". That is a change the promoters requested.

When we came to clause 8 of the bill we struck it out. Clause 8 provided for creation of preference shares by by-law, and in place of that we included in clause 9, which then became clause 8, section 59 of the Companies Act of Canada, which sets out the whole plan for creation of preference shares, for conversion of shares, for reduction of preference

shares or cancellation of preference shares or both. We thought it was better to tie this company through its act of incorporation as closely as we reasonably could to the well-known and well-tried provisions of the Companies Act.

I come to clause 9, which is now clause 8. The bill originally contained many of the sections in Part I of the Companies Act, and we added several more. I have mentioned our addition of section 59 and its purpose. We added section 15, because it deals with the restrictions on a company loaning money to a shareholder, and there are provisions in that section which spell out the terms and conditions under which that may be done. As set out in this bill the company was going to be in a position to make loans, if it wished, to a shareholder, without restriction. The company accepted the change, which as a matter of fact the committee insisted on.

If it is the wish of the Senate I could describe very briefly the various sections of the Companies Act which are referred to in former clause 9 of the bill, which is now clause 8.

Section 14 of the Companies Act provides ancillary powers. If you are incorporated under the Companies Act, by virtue of section 14 you enjoy very broad ancillary powers, and that section is drawn into the bill so that the company when incorporated will have those powers.

Section 15, I have already explained. Section 39, which is purely formal, deals with transmission of shares by will or intestacy, and the procedures that must be followed in dealing with those shares in such event.

Section 40 deals with transfer of shares of a deceased shareholder of a company.

Section 48 deals with the alteration of share capital.

Section 49 makes the procedures of the Companies Act of Canada applicable to any steps taken by way of reduction in capital.

Section 50 provides that when the capital of a company has been reduced for a period it must put after its name the words "and reduced".

Section 51 deals with the rights of creditors to object to proceedings for reduction of capital, and section 52 deals with supplementary letters confirming such.

Section 53 deals with the liability of shareholders in the case of reduction in the value of shares which they hold; and section 54 has to do with the penalty for concealment of the name of a creditor in such circumstances.

Section 55 deals with publication of reasons for reduction. The Secretary of State may require a company to publish the reasons for reduction; and section 56 provides for issue of supplementary letters patent to confirm a by-law for any purpose set forth in sections 48 and 49.

Section 57 is procedural, and has to do with the furnishing of evidence as to the enactment of a by-law. Section 58 deals with the duties of the Secretary of State in relation to those functions.

Section 59, I have already explained.

Section 60 has to do with consent that may be required of shareholders in connection with a redemption or conversion of shares; and section 61 deals with conditions upon which a redemption may not be a reduction of capital. Section 62 deals with filing, and such procedures as that.

Section 63 is an important one, making the borrowing powers of the Companies Act applicable to such a company.

Sections 64 and 65 deal with the creation of perpetual debentures, and what one would have to do in order to be entitled to reissue debentures that have been issued and paid off.

Section 84—this is one the committee inserted in this clause—provides for a minimum of three directors.

Section 91 is an important one, dealing with the indemnity of directors in the performance of their duties.

Section 94 provides powers for the establishment of an executive committee of the board of directors.

Honourable senators, I have skimmed through these sections to give you a running account of their headings and what they do. It simply means that in this regard we are making Part I of the Companies Act applicable to this company, once it is incorporated. If we did not do so the sections would not be applicable to a company incorporated by special act.

Then, in former clause 10 of the bill, which is now clause 9, we added three sections, which are recited in the report. Those sections all appear in Part III of the Companies Act.

I should preface what I have to say about Part III of the Companies Act by pointing out that it deals with companies incorporated under special act. The provisions of Part III are, by virtue of section 150 of the Companies Act, applicable to any company incorporated by special act unless there is a specific exclusion in the bill incorporating the company by special act. The three exclusions which we added to what is now clause 9 of the bill were approved by the promoters of the bill. I will just touch on these exclusions. Section 153 provides for a board of directors or not more than nine

members. The company did not want that limit, because it indicated its plan at the moment was to have at least 15 directors. There an exclusion was necessary, so we struck out that requirement. Section 162 deals with preference shares. We had already incorporated section 59 of Part I of the Companies Act into this bill; therefore, it became necessary to exclude what would otherwise be a conflicting section dealing with the same subject in Part III. Section 163 deals with the location of the chief place of business or head office of the company. We excluded that, because that has already been provided for.

I will now mention the four sections which were excluded by the original bill. Section 167 deals with the minimum cost of partly paid up shares. Since this company is not proposing to have any partly paid up shares, it was unnecessary that this provision should apply. Section 190 deals with loans to shareholders and their liability. Since we had made section 15 apply, section 190 became unnecessary. In order to avoid a contradiction, we excluded it. Section 193 also deals with loans to shareholders, and provides in certain circumstances a prohibition against making loans to shareholders. We struck that out, having already incorporated section 15, which provides restrictive terms for making loans to shareholders. Section 194 also prohibits purchase of shares in other companies. The company has already taken the power in its objects to purchase stock in any company, if the circumstances warrant it. One such set of circumstances might be an arrangement by the corporation with a local company in, for instance, France or Germany, in order to carry on the other end of the financing business that was being done in that country. The corporation must have power to invest in the shares of that local company, if so desired.

Honourable senators, I have made my explanation as brief as I can. The hearing of evidence by the committee took some time, and in a very brief and cursory way I have given you the substance of it. I have also outlined the nature and purpose of the amendments. Now it is for the Senate to decide whether it will concur in the amendments, today or later on.

Motion agreed to.

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

Hon. Mr. Hayden: Tuesday evening next.

IMMIGRATION

On the notice of inquiry of Hon. Mrs. Wilson:

Pertaining to Order in Council P.C. 1959-310, dated March 19, 1959, which appeared in *The Canada Gazette*, Part II, Volume 93, of April 8, 1959:

1. (a) How many persons were admitted to Canada since May 24, 1956, to the latest available date, from each of the countries covered by the revoked paragraph (c) of section 20 of the Immigration Regulations?

(b) How many of these persons from each of these countries were:

(i) Married children, and the unmarried members of their respective families?

(ii) Brothers, and their wives and unmarried children?

(iii) Sisters, and their husbands and unmarried children?

2. On March 19, 1959, or at the nearest available date, how many applications were there from each of the countries covered by former paragraph (c) of section 20 of the Immigration Regulations, in the 3 categories listed in question 1(b)?

3. What are the definitions of the special skills of the persons who are to be substituted in immigration selection for the close relatives of families now living in Canada?

Hon. Cairine R. Wilson: Honourable senators, I think it is scarcely necessary for me to refer to the inquiry of which I gave notice on Tuesday, but I should like to give a brief explanation of my interest in this subject.

In 1938 I was named Chairman of the Canadian National Committee on Refugees. I suppose few people realize how very restrictive were our immigration laws at that time. Only three classes of immigrants were admissible: (1) bona fide agriculturists with five years experience and a minimum capital of $1,500; (2) first degree relatives of those in Canada, provided there were no other members of the family in other countries; (3) scientists or those with special intellectual qualifications, and others with capital who were likely to establish new industries.

In the intervening years I have made many visits to the immigration office, and I was much concerned about Order in Council P.C. 1959-310, particularly with regard to the unfortunate cases. There was one young man who received a visa from Canada eleven years ago, but before he could leave the country he was put in prison, where he spent four months. Within the last three years the regulations in Poland governing departure from that country were liberalized to a very limited extent, and he received consent then to leave the country. I thought that this man, for whom his aunt stood sponsor and to whom she was a parent in every sense of the word, would not be admissible to Canada under this order in council.

During the winter another Pole, whom I have known for a matter of twelve or more years, asked if he could be responsible for bringing to Canada his wife, his brother and his brother's wife and family, as well as his mother. I was told at the immigration office that if they could fulfil our requirements in

regard to health and reliability they should be admitted, but that I should move quickly because there was always danger that the gates of exit might be closed.

I have cited those two particular cases as examples. I am exceedingly thankful that the order in council has already been rescinded, and that we no longer need fear exclusion of classes to which the order refers.

ADJOURNMENT

Hon. W. M. Aseltine: Honourable senators, I move, with leave of the Senate, that when the Senate adjourns today it stand adjourned until Tuesday, April 28, 1959, at 8 o'clock in the evening.

Motion agreed to.

ATLANTIC PORTS

RESOLUTION URGING GREATER DEGREE OF USE—DEBATE ADJOURNED

Hon. Gordon B. Isnor moved, pursuant to notice:

Resolved: That it is expedient that the Government, through the Department of Transport, or any other agency or means, bring about a greater degree of use of the Atlantic ports.

With this in mind it is urged that "open" and "closed" periods be agreed upon, and that the ports of the St. Lawrence be considered "closed" ports from November 15 until April 15, and "open" ports as from April 16 to November 14 of each and every year until such time as this arrangement is revoked.

He said: Honourable senators, as I listened to the honourable Chairman of the Banking Committee (Hon. Mr. Hayden) explain so cuearly, concisely and eloquently the committee's proposed amendments to the Export Finance Corporation's bill, I could not but envy him his ability to place before you facts in such a way as to earn your ready approval. I felt that if I had been able to arrange to have him present my resolution there would be no question in your minds as to the merit of the resolution.

Hon. Mr. Macdonald: You always do very well.

Hon. Mr. Aseltine: You are too modest.

Hon. Mr. Isnor: I realize my limitations. You will recall, honourable senators, that when I introduced this resolution, a little over a week ago, I incorrectly prefaced it with statements of the reasons for introducing it. Those were quite properly struck out of the records, and notice of the resolution appeared on the following day in the terms which His Honour the Speaker has just read. I think I would now be in order in referring to the reasons as outlined in the original statement which I made on that occasion. They were as follows:

Whereas it is desirable to assist the ports of the Atlantic provinces in every possible manner because of their importance during war, as well as in peace;

And whereas ports of the Atlantic provinces are free of ice to a greater extent than are the ports of the St. Lawrence;

Therefore, it is resolved that the Government, through the Department of Transport, or any other agency, or means, bring about a greater degree of use of Atlantic ports.

So as to have the material in proper sequence in my remarks I will repeat the text of the resolution as just read by His Honour the Speaker:

That it is expedient that the Government, through the Department of Transport, or any other agency, or means, bring about a greater degree of use of the Atlantic ports.

With this in mind it is urged that "open" and "closed" periods be agreed upon, and that the ports of the St. Lawrence be considered "closed" ports from November 15 until April 15, and "open" ports as from April 16 to the 14th of November of each and every year until such times as this arrangement is revoked.

I recall very well that immediately after the sitting during which I introduced that resolution an honourable senator said to me, "Your resolution is rather fantastic." I see him smiling now. The following day another honourable senator said, "That was a pretty potent notice of motion you gave yesterday." I agreed with one and disagreed with the other.

Hon. Mr. Macdonald: Which one did you agree with?

Hon. Mr. Isnor: Honourable senators, I say that the resolution is not fantastic, it is not extravagant. I think it is fairly reasonable and sensible. I looked up the meaning of the word "fantastic", and after studying the terms of my motion I say that the word "fantastic" does not describe it at all. I will give you the reasons why.

I think you all realize the conditions which have existed on the St. Lawrence, not during this winter alone but during every winter for as long as your memory serves. No shipping is possible on the river during the four months when it is frozen, namely, December, January, February and March. My resolution covers a further period, from November 15 to April 15, making a total of five months.

Honourable senators will recall that they received invitations to take a trip on one of the ships opening the seaway this coming Saturday. That is really an indication that the St. Lawrence is about ready for use. Of course, the official opening will not take place until June. In any case, shipping will not commence until April 25, so I feel I am quite within proper limits when I say shipping on the river is closed from November 15 to April 15. That is why I hesitate to

agree with my honourable colleague who said that my resolution was fantastic.

But I do hope that my resolution is potent. I hope it is sufficiently powerful to gain the support of each and every honourable senator, for I feel it is very necessary that the St. Lawrence River ports be closed during certain months, for reasons I shall endeavour to give later.

I might add that many individuals in the east have spoken or written to me stating that I was lenient in putting the opening date at April 15, that a much later date should have been specified.

Honourable senators will recall that in January I placed on the Order Paper certain questions, which the honourable leader of the Government (Hon. Mr. Aseltine) very kindly and courteously answered in full. When I asked those questions I was contemplating introducing a resolution similar to the one now before the house. Those questions dealt with ice-breaking on the St. Lawrence River during the period from November 15, 1958, to January 15, 1959, and I was particularly interested in the answers giving the number of ships used for ice-breaking and the total cost of their upkeep and operational expenses. The answers to my inquiry, which appear at page 85 of *Hansard*, under date of February 3, indicate that seven ships were used for ice-breaking, at a total cost of $323,912.52 per month, which would amount to a total of $1,295,650.12 for the four months of the operation. This has been referred to by many as an unnecessary, extravagant, economic waste of the taxpayers' money. I am just wondering whether the $1\frac{1}{4}$ million could not have been far better used to construct a grain elevator at Saint John, New Brunswick, or Halifax, Nova Scotia, or to erect on George's Island in Halifax harbour a standing statue with outstretched arms extending to the thousands of immigrants entering Canada through this great Canadian port a real Canadian welcome, in much the same manner as the Statue of Liberty welcomes American immigrants at New York. I think that would not have been a wasted expenditure, but indeed a fine gesture of welcome to our many immigrants.

Honourable senators, I fully appreciate that many of my honourable colleagues feel that every time I rise to speak in this chamber my remarks centre around the city of Halifax. I cannot help this, for I am from Halifax. I endeavoured to represent my native city in another place in days gone by. It is only natural for a person to talk about a subject he feels he knows something about, so I hope honourable senators will pardon me if in my remarks I make direct references to the port of Halifax. I mention this because I would not want to displease those honourable senators who have been so friendly toward me.

Hon. Mr. Euler: Would the honourable gentleman permit me to ask a question?

Hon. Mr. Isnor: Yes, certainly.

Hon. Mr. Euler: Did it occur to you that if it would be a good thing to close the ports on the St. Lawrence River several months every year for the benefit of Atlantic ports, it would naturally follow that when the St. Lawrence is open the Maritime ports should be closed?

Hon. Mr. Isnor: I am very happy to answer that inquiry. There is not much logic to it and I am rather surprised that the honourable senator from Waterloo (Hon. Mr. Euler), who has such a keen mind, should put a question like that. I referred to ice conditions as a very good reason for closing the St. Lawrence ports. But we have no ice in the port of Halifax, and we have a channel with a minimum depth of 50 feet at low tide.

Hon. Mr. Euler: If the St. Lawrence ports were closed you would still want the Atlantic ports kept open?

Hon. Mr. Isnor: We would like the Atlantic ports kept busy twelve months a year.

Hon. Mr. Euler: I am sorry.

Hon. Mr. Isnor: That is all right. I am quite happy to answer any question of that nature.

Perhaps I should quote an unbiased definition of Halifax harbour as it is given in the 1957 report of the National Harbours Board:

> The harbour of Halifax, situated on the Atlantic coast of Nova Scotia, is approached directly from the ocean by a channel with a minimum depth of 50 feet at low tide. It is open to navigation the year round and is served by both the Canadian National and Canadian Pacific railways.

The report goes on to give the number of berths and handling facilities for ships. I could also mention, of course, the *Queen Elizabeth* being able to come into Halifax harbour without the use of a single tug. That is the kind of harbour I have reference to.

Hon. Mr. Lambert: Was that not due to a strike?

Hon. Mr. Isnor: No, that was done in an effort to expedite the transport of Canadian troops overseas during wartime.

Another interesting part of this report of the National Harbours Board shows the number of arrivals and the cargo tonnage handled in the ports of Quebec, Montreal, Halifax and Saint John. Arrivals of foreign cargo ships in 1957 were as follows:

Quebec	4,537
Montreal	5,426
Halifax	2,933
Saint John	1,589

Foreign cargo tonnage handled by these ports in 1957 was:

Halifax	5,373,631
Saint John	2,106,326
Quebec	905,061
Montreal	8,722,262

These figures indicate that Halifax handles 60 per cent as much foreign cargo tonnage as Montreal does.

I now turn to maintenance and repair costs, as given in the same report:

Halifax	$ 288,907
Saint John	361,867
Quebec	840,747
Montreal	1,446,019

It will be seen that maintenance and repair costs at Halifax were 20 per cent of those at Montreal. So the port of Montreal, which handled only about 40 per cent more tonnage than the port of Halifax, costs five times as much to maintain and repair.

I put these facts on record so that shippers and others, as well as honourable senators, will be familiar with the advantages of using so important a port as Halifax.

At this stage I wish to make it clear that I am not opposed to the development of the St. Lawrence Seaway. The Seaway is a dream that has become realized as far as central Canada is concerned, and it will serve our nation in the way of increased shipping. However, this dream should not be realized at the expense of any other section of our country. That is the point that I wish to make.

May I refer to the Report of the Royal Commission on Transportation in 1951, under the chairmanship of the Honourable W. F. A. Turgeon, assisted by Dr. H. F. Angus and Dr. H. A. Innis. In their report these gentlemen went back to the days of Confederation and dealt with shipping by water and rail and other means of transportation. They referred particularly to Halifax. In dealing with the Trans-Canada Highway the report states, at page 152:

> That the highway is important for national defence and for the economy of the country and must therefore be planned on a national rather than a provincial basis.

I think the same thought should be in the minds of those who spent hundreds of millions of dollars in the development of the St. Lawrence Seaway, and I would substitute for the thought as expressed by the Honourable Mr. Turgeon, the following words:

> The eastern ports are important for national defence and for the economy of the country and must therefore be planned on a national rather than a provincial basis.

I feel strongly that the planning should be on a national rather than a provincial basis, not on a central basis alone.

Further reference to the port of Halifax is made on page 167:

> What the port of Halifax needs is, of course, more traffic from and to the port...

One other reference, and I will have finished with the Turgeon report. A sentence on page 274 reads in part as follows:

> The construction of the National Transcontinental Railway to encourage the shipment of goods through Canadian ports...

I mention that because I want to make use of it a little later in dealing with shipment of goods through our Canadian ports.

As I was preparing my remarks on this motion, I wondered what the Canadian National Railways would do in respect to freight rates from the east to central Canada because of the opening of the St. Lawrence Seaway, and whether they would follow the step taken by the New York Central Railway, as announced by Arthur E. Baylis, that the United States railway would fight the competition of the Seaway by lowering freight rates and offering other inducements to shippers. He went on to describe the Seaway, due to be opened officially, and with great pomp and circumstance, in June, as a politically inspired drain on the taxpayers' money, and he said the Seaway would further encourage the dumping of foreign goods on the North American market. He also referred to the use of foreign ships, through the generosity and fine political consideration of Canadian and the United States governments and taxpayers. I think perhaps this applies to a far greater extent to Canada than to the United States, because of the fact that we have practically no ships now afloat flying the flag which represents Canada.

One particular item of cargo I have in mind is the small foreign cars which are now landed at Atlantic ports and shipped by rail to central Canada, and which in the future probably will be carried directly to St. Lawrence ports, thus depriving Atlantic ports of this as well as other kindred business. I am wondering what will happen to that type of cargo in the future, and whether ships will carry it directly to Quebec and Montreal instead of to Halifax, as at present.

I would like to place on record the fact that Halifax is the nearest North American port to world markets. I will not bother to name places and give distances, but it is

closer to all European, South African, Asiatic and South American ports than is any other North American port.

Honourable senators, I think it is important to give favourable consideration to this motion for many reasons. I was happy to note the following passage in the House of Commons *Hansard* of Tuesday, January 20, 1959, at page 82:

HON. A. J. BROOKS (MINISTER OF VETERANS AFFAIRS): I wonder whether I might supplement the answer given by the Minister of Transport. I should like to point out that in Canada we have two other winter ports besides Quebec and Montreal. I refer to Saint John and Halifax, the winter ports of Canada.

He went on to say:

The Minister of Transport could very well have answered that there is no necessity for keeping the St. Lawrence open between Quebec and Montreal during the winter months. This winter has shown it would be an impossibility in any case. I suggest that the hon. member forget it.

So we have it on record that the honourable minister in the other place is in favour of the closing of the St. Lawrence ports during the winter months.

I am reminded that the honourable Leader of the Government (Hon. Mr. Aseltine) said the other day that he had many newspaper clippings. I too have a large number, and they all support my resolution, but I do not think it is necessary to read any of them. However, I did come across an item this morning which I would like to put on the record. It is a statement made in Toronto by Howard A. Mann, Executive Manager of the Maritime Transportation Commission, and reads as follows:

That in 1957 80 per cent of the American automobile industry's exports went through U. S. ports. Canadian ports handled only 14 per cent of U. S. rubber exports.

On the other hand, vast quantities of Canadian goods were shipped through U. S. ports.

Think of what some of that traffic would mean to Canadian Atlantic ports. Take the earnings only of their longshoremen, freight handlers, checkers and watchmen—estimated at $9 million.

I have already mentioned certain risks and costs. One other item I think I should mention. It is in connection with the view held by the Canadian Board of Marine Underwriters that there will be an added hazard to ships after the Seaway's official opening. This assessment is based on the increased number and size of ships using the Seaway. The consultants estimate that the hazards to vessels using the Seaway west from Montreal will be greater by 15 to 20 per cent on larger ships, and by around 5 per cent on small vessels. More and larger ships will tend toward greater congestion, which in turn will mean that they will be obliged to operate in confined waters for a longer period than heretofore.

While it might be said this has no direct effect on the proposal made in my resolution, it is cited simply to show the additional hazard at all times of the year, and more particularly if an endeavour is made to continue traffic during the suggested closed period of navigation.

Honourable senators, in conclusion, I feel that I have given sufficient reasons in support of this resolution, but there is just one other point I would like to emphasize. I believe if this proposal were brought into effect it would result in clearing up confusion in respect to the uncertainty of traffic in the St. Lawrence, and also assist shipping firms in arranging their winter schedules. This, in turn, would I believe, bring about a lowering of insurance rates on shipping. In this connection, I might mention that I understand those using the port of Halifax enjoy the lowest shipping insurance rate applicable to any port in Canada. A regular winter season there would improve conditions for longshoremen, checkers, freight handlers and general repair workers.

These reasons, along with the one already given, that the ice-breaking operations as carried out during the past year were considered to be an unnecessary extravagant economic wastage, will, I trust, influence the honourable Leader (Hon. Mr. Aseltine), on behalf of the Government, to support this motion.

Hon. Mr. Vaillancourt: Will the honourable senator permit a question? He said a few moments ago that the Government spent over a million dollars in keeping the St. Lawrence free from ice by the use of an ice-breaker. But may I point out that the clearing of the ice from the St. Lawrence River is not only for the benefit of shipping; it is also to prevent flooding of adjacent lands which undoubtedly would occur and cause great damage if the ice were allowed to remain until its natural break-up.

Hon. Mr. Isnor: The question that I asked was, "What was the maintenance cost for the operation of the ice-breakers engaged in ice-breaking?"—and I drew to the attention of the house the fact that the cost was not the only important matter involved here. For instance, a ferry operating between Pictou, Nova Scotia and Prince Edward Island was deprived of the assistance of an ice-breaker because they were all engaged in freeing the St. Lawrence River from ice, and as a result great inconvenience was caused.

Hon. Mr. Lambert: May I ask the honourable senator if he has given thought to or has any information on the additional cost involved in the rail freight rates from

Montreal to Saint John or Halifax as compared with the cost by the all-water route from the head of the lakes to Montreal and thence overseas?

Hon. Mr. Isnor: I do appreciate that question. It is a well-known fact that transportation by water is far cheaper than rail. At the same time, coal carried from Sydney, Nova Scotia, west to the Great Lakes must have a reduced rate to balance things out.

Hon. Vincent Dupuis: Honourable senators, I just want to add a few remarks in connection with the motion of our distinguished Haligonian colleague (Hon. Mr. Isnor). I have always known him as an astute businessman, a practical man, but I never thought that he was at the same time an idealist. This is a great idea he has, that for certain months of the year the centrally-located Seaway be kept closed because of ice conditions, and that the eastern seaports would continue to remain open throughout the year. I must admit that I listened to his remarks with a great deal of interest, and while doing so I was reminded of the words of the poet Kipling:

Daughter am I in my mother's house;
But mistress in my own.
The gates are mine to open,
As the gates are mine to close.

I really think that the honourable gentleman would like to appropriate that idea to himself. But in our midst we have some recent additions to the Canadian family, the Newfoundlanders, and I really believe that this dictum of the poet very properly belongs to their province. It is the one who could very appropriately say:

The gates are mine to open,
As the gates are mine to close.

Honourable senators, I have often pondered the problem of how to avoid the necessity of keeping our St. Lawrence Seaway closed for quite a long time each year because of ice. I may be mistaken, but I am under the impression that if the proper ways and means were studied by scientists and adopted, we could solve the problem and keep the St. Lawrence free from ice the whole year round.

Hon. Mr. Aseltine: As far as Montreal?

Hon. Mr. Dupuis: Honourable senators, I consider myself to be an idealist, and I think it might become practical to keep the St. Lawrence free from ice in the wintertime. I would say, as Churchill said during the war, "Give us the tools and we will finish the job." I repeat my belief that through proper investigations and research on this problem ways and means could be devised whereby the St. Lawrence River would be kept free from ice in the wintertime. Now, honourable senators, that may be just a dream but I believe it could become a reality.

In closing, I would like to congratulate our colleague from Halifax-Dartmouth upon his speech.

Hon. R. B. Horner: Honourable senators, I too wish to congratulate the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor). I can well understand his position with respect to the great harbour of Halifax. I do not know whether he has visited the harbour of Churchill, but this seems an opportunity for me to tell honourable senators something about it. It is perhaps one of the finest harbours in the world.

Hon. Mr. Aseltine: Ninety feet deep at low tide.

Hon. Mr. Horner: Yes, and a ship needs a pilot for only 15 minutes, if at all, instead of four or five days as is required on the St. Lawrence.

The honourable senator from Halifax-Dartmouth mentioned the possibility that some day the St. Lawrence River throughout its great length of 400 miles could be cleared of ice. I would point out that at the port of Churchill there is an area of only 20 miles to be cleared of ice. It is generally acknowledged that the icebergs that are encountered come all the way down to Belle Isle as late as June and July. I believe that navigation in Hudson Strait and Hudson Bay would be easier in January than in July, as far as danger from ice is concerned. The captains I have spoken to prefer the Churchill route to the St. Lawrence route. Our wheat from Saskatchewan can be shipped via Churchill, which is a shorter trip by a thousand miles, for 12 per cent less than via the St. Lawrence route.

May I say to honourable senators who have not visited the Churchill port that the Canadian National Railways run a special train to that area. It is a pleasant trip, on which one can view such sights as the rapids on the Kettle River. The hotel accommodation at Churchill is limited, but if necessary one can retain accommodation in his sleeping car and spend a delightful two-day period visiting the harbour.

There are extensive freight sheds and storage facilities at Churchill. Many people said at one time that very little wheat would be shipped via that route. I would point out that last year some 20 million bushels went through Churchill, and that is only a small fraction of what could be handled there.

As to the motion by the honourable senator from Halifax-Dartmouth, I disagree with the setting of arbitrary dates, November 15 to April 15, as a closed period of navigation on the St. Lawrence. We are all aware of the

fact that in Canada seasons vary sometimes as much as a month in different years. One year the river might be free of ice in November, but icebound in April. That is why I suggest greater use of the facilities at Churchill. As a matter of fact, last December there was less ice in the port of Churchill than in the St. Lawrence River. Because of the exceptionally mild fall in the north, ships moved in and out of that port until December.

We in western Canada know that the break-up of ice on the Saskatchewan River varies from year to year. The average date is about April 22, but in some years it is as late as May. This year the ice on the south branch of the river went out on April 3, and on the north branch on April 9 or 10. So there is quite a variation.

Churchill is the nearest port of shipment of grain from Saskatchewan, and I object to our people having to pay tolls on the St. Lawrence Seaway when it is impossible for us to receive any benefit from the power produced, which is the chief advantage of the seaway. I fear it is our grain from Saskatchewan that will pay the tolls to meet the cost of production of power for the province of Ontario. Therefore, I think we are entitled to greater consideration with respect to storage facilities and greater use of the port at Churchill.

The honourable senator from Halifax-Dartmouth mentioned the cost of ice-breaking in the St. Lawrence. He should have included in his estimate the dredging costs, which will continue for all time.

Hon. Mr. Isnor: Not at the port of Halifax.

Hon. Mr. Horner: In the St. Lawrence dredging is a continuous operation, particularly between Montreal and Quebec. The only way it can ever be avoided is by cementing the bottom of the river.

Hon. Mr. Quinn: Even if that were done, the river would fill up with silt.

Hon. Mr. Horner: Honourable senators, I only wish to put before you the suggestion that if any scheme of ice clearance is undertaken, it should apply to the port at Churchill, where only 20 miles of clearance is necessary, rather than to the 400-mile stretch in the St. Lawrence River.

Hon. Harold Connolly: Honourable senators, before somebody hits upon a practical plan for keeping ice out of the port at Churchill or out of the St. Lawrence River for 12 months of the year, I move adjournment of the debate.

On motion of Hon. Mr. Connolly (Halifax North), debate adjourned.

DIVORCE

BILLS—SECOND READINGS

Hon. Gunnar S. Thorvaldson, for Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill SD-161, an Act for the relief of Audrey Isabella Wanda Patterson Gray.

Bill SD-162, an Act for the relief of Raymonde Gagnon Tremblay. (Annulment).

Bill SD-163, an Act for the relief of Aline Brunette Farago.

Bill SD-164, an Act for the relief of Martina Bernice Patterson Baker.

Bill SD-165, an Act for the relief of Nelly Hugentobler Larsen.

Bill SD-166, an Act for the relief of Jean Trachtenberg Levy.

Bill SD-167, an Act for the relief of Louise Martel Abel.

Bill SD-168, an Act for the relief of Marie Louise Fauteux Roy.

Bill SD-169, an Act for the relief of Helen Lyon Bain Gardeler.

Bill SD-170, an Act for the relief of Joan Brazer Brazier.

Bill SD-171, an Act for the relief of Maria Luise Ahnhudt Sandberg.

Bill SD-172, an Act for the relief of Susan Gilda Levin Klein.

Bill SD-173, an Act for the relief of James Alvin Bradley.

Bill SD-174, an Act for the relief of Emily Mary Kredl Keller.

Bill SD-175, an Act for the relief of Raymond Winston Farren.

Bill SD-176, an Act for the relief of Marie Lucille Pauline St. Jacques Parent.

Bill SD-177, an Act for the relief of Mario Baldo.

Bill SD-178, an Act for the relief of Frank William Staples.

Bill SD-179, an Act for the relief of Zdenek Nosek.

Bill SD-180, an Act for the relief of Margaret Viola McCullough Morrow.

Bill SD-181, an Act for the relief of Sheila Carole Neidik Schwartz.

Bill SD-182, an Act for the relief of Gordon Clarence Hunting.

Bill SD-183, an Act for the relief of Ida Shlafman Zimendstark.

Bill SD-184, an Act for the relief of Audrey Elsie Asbury Ross.

Bill SD-185, an Act for the relief of Patricia Anne McKenna Coombes.

Bill SD-186, an Act for the relief of William Lawrence Hughes.

Bill SD-187, an Act for the relief of Armand Lacombe.

Bill SD-188, an Act for the relief of Rita Steinbach Gruia.

Bill SD-189, an Act for the relief of George Meredith Scott Burton.

Bill SD-190, an Act for the relief of Helen Borer Marcovitch.

Motion agreed to and bills read second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Thorvaldson: Next sitting.

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce, Nos. 199 to 214, which were presented yesterday.

Hon. Mr. Thorvaldson: Honourable senators, on behalf of the Chairman of the Standing Committee on Divorce (Hon. Mr. Roebuck), I move that reports Nos. 199 to 213, both inclusive, be now adopted.

With respect to report No. 214, I ask that it be placed on the Orders of the Day for consideration at the next sitting of the Senate. I understand that the honourable Chairman of the Committee on Divorce desires to speak to this report.

Motion agreed to.

PRIVATE BILL

LUTHERAN CHURCH IN CANADA—COMMITTEE AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the Standing Committee on Miscellaneous Private Bills to Bill S-18, to incorporate The Lutheran Church in Canada.

On motion of Hon. Mr. Connolly (Halifax North), amendments concurred in.

THIRD READING

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

Hon. Mr. Connolly (Halifax North): I move the third reading now, if the Senate permits.

Motion agreed to and bill read third time and passed.

The Senate adjourned until Tuesday, April 28, at 8 p.m.

THE SENATE

Tuesday, April 28, 1959

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

Prayers.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I lay on the table the following documents:

The Canada Gazette, Part II, Statutory Orders and Regulations, 1959, Wednesday, April 22, 1959, pursuant to section 7 of the Regulations Act, Chapter 235, R.S. 1952. (English and French texts).

Report, dated December 10, 1959, of the inquiry into the distribution of railway box cars, authorized by Order in Council P.C. 1958-181 of January 31, 1958. (English text).

Report of the operations of the Bretton Woods Agreement Act for the fiscal year ended March 31, 1959, pursuant to section 7 of the said act, Chapter 19, R.S. 1952. (English text).

Report on the operations of Part II of the Export Credits Insurance Act for the fiscal year ended March 31, 1959, pursuant to section 27 of the said act, Chapter 105, R.S. 1952. (English text).

Report on the administration of the Members of Parliament Retiring Allowances Act for the fiscal year ended March 31, 1959, pursuant to section 18 of the said act, Chapter 329, R.S. 1952. (English and French texts).

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 215 to 242 and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

PRIVATE BILL

LUTHERAN CHURCH—CANADA—REFUND OF FEES

Hon. W. D. Euler: Honourable senators, with leave of the Senate I move:

That the parliamentary fees paid upon the Bill S-18, intituled: "An Act to incorporate Lutheran Church—Canada", be refunded to Mr. Duncan A. McIlraith, Ottawa, Ontario, solicitor for petitioners, less printing and translation costs.

Motion agreed to.

DIVORCE

BILLS—FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill SD-191, an Act for the relief of Emilia Mildora Kavalas Chesna.

Bill SD-192, an Act for the relief of Clarice-Mae Barraclough King.

Bill SD-193, an Act for the relief of Margherita Elaina Milano Di Pietro.

Bill SD-194, an Act for the relief of Lucille Gagne Labonte.

Bill SD-195, an Act for the relief of Jean Louis Mathieu.

Bill SD-196, an Act for the relief of Llui-Amoy Wheatley Fraser.

Bill SD-197, an Act for the relief of Phyllis Pamela Allen Ashburner-Collins.

Bill SD-198, an Act for the relief of Albert Reginald Bissonnette.

Bill SD-199, an Act for the relief of Alexander Abraham Hendy.

Bill SD-200, an Act for the relief of Winifred Martin Collier.

Bill SD-201, an Act for the relief of Jeannine Aimie Alice Mercier Mahaut.

Bill SD-202, an Act for the relief of Claude Desroches.

Bill SD-203, an Act for the relief of Mildred May Eunice Charron Roblee.

Bill SD-204, an Act for the relief of Pierre Joseph Gabriel Sorba.

Bill SD-205, an Act for the relief of Gaston Vadnais.

Bills read first time.

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

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

PRIVATE BILL

EXPORT FINANCE CORPORATION OF CANADA, LTD.—THIRD READING

Hon. William R. Brunt moved the third reading of Bill S-17, to incorporate Export Finance Corporation of Canada, Ltd.

Motion agreed to and bill read third time and passed.

DIVORCE

BILLS—THIRD READINGS

Hon. Mr. Roebuck moved the third reading of the following bills:

Bill SD-161, an Act for the relief of Audrey Isabella Wanda Patterson Gray.

Bill SD-162, an Act for the relief of Raymonde Gagnon Tremblay. (Annulment).

Bill SD-163, an Act for the relief of Aline Brunette Farago.

Bill SD-164, an Act for the relief of Martina Bernice Patterson Baker.

Bill SD-165, an Act for the relief of Nelly Hugentobler Larsen.

Bill SD-166, an Act for the relief of Jean Trachtenberg Levy.

Bill SD-167, an Act for the relief of Louise Martel Abel.

Bill SD-168, an Act for the relief of Marie Louise Fauteux Roy.

Bill SD-169, an Act for the relief of Helen Lyon Bain Gardeler.

Bill SD-170, an Act for the relief of Joan Brazer Brazier.

Bill SD-171, an Act for the relief of Maria Luise Ahnhudt Sandberg.

Bill SD-172, an Act for the relief of Susan Gilda Levin Klein.

Bill D-173, an Act for the relief of James Alvin Bradley.

Bill SD-174, an Act for the relief of Emily Mary Kredl Keller.

Bill SD-175, an Act for the relief of Raymond Winston Farren.

Bill SD-176, an Act for the relief of Marie Lucille Pauline St. Jacques Parent.

Bill SD-177, an Act for the relief of Mario Baldo.

Bill SD-178, an Act for the relief of Frank William Staples.

Bill SD-179, an Act for the relief of Zdenek Nosek.

Bill SD-180, an Act for the relief of Margaret Viola McCullough Morrow.

Bill SD-181, an Act for the relief of Sheila Carole Neidik Schwartz.

Bill SD-182, an Act for the relief of Gordon Clarence Hunting.

Bill SD-183, an Act for the relief of Ida Shlafman Zimendstark.

Bill SD-184, an Act for the relief of Audrey Elsie Asbury Ross.

Bill SD-185, an Act for the relief of Patricia Anne McKenna Coombes.

Bill SD-186, an Act for the relief of William Lawrence Hughes.

Bill SD-187, an Act for the relief of Armand Lacombe.

Bill SD-188, an Act for the relief of Rita Steinbach Gruia.

Bill SD-189, an Act for the relief of George Meredith Scott Burton.

Bill SD-190, an Act for the relief of Helen Borer Marcovitch.

Motion agreed to and bills read third time and passed, on division.

INFLATION

FINANCE COMMITTEE INSTRUCTED TO MAKE STUDY

The Senate resumed from Wednesday, April 22, the adjourned debate on the motion of Hon. Mr. Wall:

That the Standing Committee on Finance be instructed to study the threat of inflation in Canada;

That the committee have the authority to send for persons, papers and records, and to report from time to time.

Hon. William M. Wall: Honourable senators—

The Hon. the Speaker: I must remind this house that if the honourable Senator Wall speaks now it will have the effect of closing the debate.

Hon. Mr. Wall: Honourable senators, as the original sponsor of this motion, I wish to make what I hope will be pertinent observations in a final summation. Basically this summation will take the form of a frank and sincere advocacy for your support of the resolution now under discussion and debate. It will also attempt to answer the major objections which have been raised by some honourable senators.

I find it difficult to accept the suggestions to drop this resolution, because I believe it is one whose non-partisan public service intent has not been successfully challenged and therefore one which I could support had it been moved by any other honourable member. Quite frankly, I would also be defaulting on my conviction that at each and every parliamentary session, other things equal, this honourable house should, at an early stage, undertake an organized and comprehensive inquiry into one or more significant problem areas of national interest and concern, totally with a view to providing an important public service which I believe the Senate is uniquely fitted to perform.

In essence, honourable senators, what has been proposed by this motion, which has been vigorously and extensively debated, is that this house, through the instrumentality of its Standing Committee on Finance, should undertake the more prosaic and workshop-type of task which the Right Honourable Arthur Meighen claimed it should perform with thoroughness and with fearlessness. I refer you to *Queen's Quarterly*, 1937, Volume 44.

Fortunately, when I had originally discussed the idea of this motion with the honourable senator from Toronto-Rosedale (Hon. Mr. Leonard) I found that he was thinking of doing much the same thing, and for the same general reasons, and very graciously he consented to support the motion by seconding it. I am very grateful to the honourable senator for this support, which he gave in an address marked by judicious discretion and deep understanding. And I wish to thank all other senators who have shown their deep interest in this national problem by participating in the excellent debate which this motion has engendered.

In all fairness I must point out that this motion, prompted as it was by the concerns and convictions I had intimated, was the fruit of considerable study and meditation. So that I might be reassured about the rights and privileges, about the organization and procedure, of both standing and select or special committees of the Senate, I spent some time in reading Bourinot's *Parliamentary Procedure,* Fourth Edition, especially pages 454-487, and Beauchesne's *Parliamentary Rules and Forms,* Chapter IX, especially annotations, comments and precedents respecting standing and special committees.

When doubts were raised about what one may term the appropriateness of this motion, I was disturbed, and I have reviewed the *Debates of the Senate,* 1919, when the Standing Committee on Finance was originally set up on motion of the honourable Senator Nicholls. In these debates, referred to by the honourable Leader of the Opposition (Hon. Mr. Macdonald), we find a clear indication of the purposes and responsibilities this committee was to fulfil, which purposes and responsibilities are not violated by the motion now under debate. I have also studied the work done by the Standing Committee on Finance during the intervening period.

It is significant to note what the committee did study and consider. I ask honourable senators whether the few examples I shall refer to are not really the best answer to the criticisms which have been raised in opposition to this motion. I have here a complete list prepared of the work done by the Standing Committee on Finance since 1919. I will read just the later years: in 1943 the committee held 13 meetings, dealt with Excess Profits, Special War Revenue Tax, Customs Tariff, Income War Tax Act, and the House of Commons resolution to provide $3.8 billion for the security, defence, peace, order and welfare of Canada; in 1944 it held 13 meetings, examined the House of Commons resolution to provide $3.650 billion for the security, defence, peace, order and welfare of Canada.

And so I may go on, year by year, where the Standing Committee on Finance actively studied and discussed ways and means resolutions and acts dealing with the raising of moneys and problems of fiscal and economic policy.

The honourable Leader of the Government (Hon. Mr. Aseltine) has pointed out examples of the valuable service-type inquiries performed by the Senate through its Finance Committee in studying the Income Tax Act, as one example, and I would expect that his commendation and approval would extend to the activities of the Standing Committee on Finance when it vigorously, and with fair but critical attention, examined the House of Commons Ways and Means Resolutions, Estimates, and acts involving the raising of national revenue.

The honourable senator from Mille Isles (Hon. Mr. Monette), who I regret is not here today, drew our attention to the fact that the 1956 report of the Standing Committee on Finance had recommended an exhaustive inquiry—or that, and I quote:

> —a study of all production costs should be made if these inflationary trends are to be curbed and if Canada's valuable export market is to be safeguarded.

I am very pleased that this reference was introduced into this debate.

The debate on that report of the Standing Committee on Finance was initiated by the late, and deeply respected, Senator Hawkins when he introduced the report to this house on June 26, 1956. When speaking to the sub-topic "Inflation and Export Markets", the Chairman of the Finance Committee said:

> This is a large subject and the realization of its magnitude leads us to recommend further study.

I believe it is of some importance to ask whether this recommendation to study inflation was, in fact, directed specifically to the Government, or whether it was a recommendation which at the next session of Parliament was to receive the attention of the Senate. How did the senators who participated in this debate interpret this recommendation?

Secondly, the report was debated, and on June 28, 1956 it was resolved in the affirmative, or unanimously adopted, as the honourable senator from Mille Isles so correctly put it. Please note that there was no division. I have re-read the debate on the adoption of the report to find if any honourable senators had expressed any reservations whatever with respect to the recommendation that a study of inflation be made. There were no such reservations.

Hon. Vincent Dupuis: May I ask the honourable senator if he has with him a copy of the resolution that was passed at that time?

Hon. Mr. Wall: I did not bring the *Journals* with me. I regret that.

Hon. Mr. Dupuis: I was just wondering how the present resolution compares with that of 1956. The present resolution does not call for a study of the cause of inflation and the finding of a remedy thereto, but merely for a study of the threat of inflation. I would like to know if the previous resolution was worded in the same way.

Hon. Mr. Aseltine: There was no resolution on this subject in 1956.

Hon. Mr. Wall: There was no resolution. It was a recommendation from the Standing Committee on Finance to study inflation. I have already read the exact recommendation, and I will re-read it:

> Your committee feel that a study of all production costs should be made if these inflationary trends are to be curbed and if Canada's valuable export market is to be safeguarded.

Hon. Mr. Brunt: Was the recommendation acted upon?

Hon. Mr. Wall: No, it was not acted upon.

In the context of this background, why is the resolution we are now debating being prosecuted on the charge of inappropriateness?

With great respect to all concerned, I cannot accept as valid the hypothesis that because we have individually done some homework in this problem area, and because we have debated the motion, therefore a group, workshop-type study is unnecessary or inappropriate.

The honourable senator from Ottawa East (Hon. Mr. Choquette) asked me directly whether a motion exactly similar to the one under debate was ever made during the preceding eight years. I assume that his query referred to the Finance Committee. The answer, as he probably well knows, is negative.

Now, this answer may prove something—or nothing. I suggest the pertinent analogy of a motion passed by the Senate on March 16, 1950, relating to the Standing Committee on External Affairs. Perhaps more pertinent is an understanding of the inquiries already carried out by the Finance Committee in recent years, to which record I have briefly referred.

The honourable senator from Mille Isles made interesting and pertinent extensions to the table which I had prepared to indicate in gross amounts the magnitude of the price-cost increases in the gross national product since 1949, and I accept his valid differentiation of the respective bases involved in the consumer price index figures and cumulative percentage price increases in the gross national product which he had prepared. His extensions and refinements do not detract from, and merely underscore, the extent of the inflationary price increases which have occurred since 1949, which is a baseline or conventional year which was chosen by me simply because it corresponded to the baseline for our consumer price index.

Going back to 1939 simply underlines the persistence and the magnitude of these inflationary tendencies, and as the honourable senator gave us figures indicating the 98 per cent dollar value decrease during the preceding two decades, in terms of what those dollars could purchase, I could not help but be reinforced in my convictions that we should study the problems and the hardships these have brought to the many who suffer most from inflationary price increases, about which hardships I shall continue to be bitterly critical.

We have been asked how we would or could distinguish between what has been termed natural growth and this new thing called inflation. Now, I, too, cannot subscribe to or accept an equating of national growth with or to inflation; hence I cannot accept the thesis that there should not be serious concern about and study of the implication of this theory which implies the desirability or indeed the inevitability of rising prices.

As the honourable Leader of the Opposition (Hon. Mr. Macdonald) has already pointed out, this doctrine is vigorously rejected by the Minister of Finance as a reflection and, indeed, an insult to the intelligence and the moral fibre of free peoples. I leave this objection to the motion at this point.

I don't know what to say about the repeated suggestion that by inquiring into the threat of inflation we are trying to study an indefinable, evanescent problem, whose national importance is no longer imperative because we have lately had some decreases in the consumer price index. That the consumer price index has decreased lately is true, and we all hope that this is not simply a pause that refreshes.

Please note, however, first, that the Dominion Bureau of Statistics *Price Movements* of March 1959 tells us that this decline was largely attributable to a decrease in the food index—that is, at the expense of one sector of our economy—and that most of this decline was seasonal in nature. I quote from that March pamphlet:

> In the current period, a decline of 1.0 per cent in foods accounted for all the decrease in the total index.

Secondly, please note that most current prices of our 30 basic industrial raw materials are rising lately, as is the general price index of manufactured goods, and there is no disagreement among economists as to the inflationary effects these are likely to have on the consumers price index, with what further erosion of the value of the Canadian dollar, to whose benefit and at whose expense.

May I remind honourable senators of the statements of the honourable the Minister of Finance, found in his budget address at pages 2404 and 2408 of *Hansard* of the House

of Commons, where he speaks of disturbing inflationary potentials and price-rising rigidities, in which problem areas the Minister welcomes study and discussion, so that we may continue to guard more effectively against potential inflationary pressures, which I gather are still hanging over our heads like the proverbial sword of Damocles.

To infer that the latest price movements have eliminated the need for the study of inflation is simply not realistic or logical.

Some honourable senators have suggested that the study of the facts of the inflation case would increase confusion, and would heighten inflationary psychosis. I would like to believe that we would all collectively be the wiser, the stronger and more competent if the apparent confusions about inflationary trends and potentials were clarified, even a little.

Competent observers tell us that the fear of inflation is very real, that it exists apparently no longer as a temporary phenomenon, but as a more permanent factor. If so, how will this affect the decisions of Canadians everywhere, regarding both their spending and their saving? To me, this apparent solidification of the fear of inflation is a problem of crucial importance. We must shed more light, not only upon the reasons for the fear of inflation to see if they are valid, but we must, it seems to me, try to assess the consequences of this continuing fear. To get this improved clarification is the simple intent of this motion.

In my initial statement in support of this resolution I had explained what fears and what concerns about our inflationary trends and potentials had prompted me to propose an inquiry into this problem area, both last year, and again, in this form, during the present parliamentary session. This statement I had deemed reasonably satisfactory to explain why I was doing so, and these explanations I do not intend to review.

I must, however, object to the intriguing but unwarranted addendum to the "why query" introduced by the honourable senator from Ottawa East, which implied that the purpose of the motion was to embarrass the Government. Why are some members who support the Government insisting on interpreting the motion as an attack on the Government? There is not a single syllable in the resolution providing a basis for such thinking. Surely no such inference can be deduced from a resolution which asks for an inquiry into the facts of any national problem?

I feel impelled to observe that neither the mover nor the seconder of the motion can be held responsible for what I would term a tone of partisanship with which some of this discussion has been marked. It has even been inferred that the study of inflation herein proposed can validly be subjected to the sweeping innuendo that the Standing Committee on Finance, rather than addressing itself to an objective and dispassionate analysis of the evidence which may be submitted, will be unwilling or unable to practise judicious discretion, and thus unable or unwilling to prevent this inquiry from deteriorating into propaganda, or narrow, political partisanship. This is an operative dimension which was not in the minds of the sponsors of this motion when it was moved in the first place.

I am grateful to the honourable Leader of the Opposition for the commitment he gave that no political advantage is being sought on the part of those who are supporting this resolution. The motion was not so intended. What was intended is that the Senate should consider the advisability of performing a significant, fact-finding service in a problem area of concern. This kind of service was admirably described by the honourable senior senator from Winnipeg (Hon. Mr. Haig) in a speech reported in the 1956 Senate *Hansard*, page 794. It is this kind of service which the words of the resolution so carefully spell out. Our thought was that we might, through this study, render a service to the people of Canada and also, perhaps, be of some help to governments. After all, we are all gravely concerned with matters which might prejudice the economic health of the nation. I believe that inflation is such a prejudicial problem. Surely, honourable senators, it is conceivable and probable that more facts may be adduced which would be invaluable to the Canadian people and to their governments. What fault is there in this proposition?

And when honourable senators dealt with the problem of summoning witnesses, I could not help but wonder whether their observations applied with equal validity to another motion introduced by the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson). I commend to honourable senators the striking analogy between these two motions.

Honourable senators will understand why it is not for me to say whom either of these standing committees is to call as witnesses or how they are to be invited, but is there any justification for us not to have every confidence that this operative aspect of this or any other inquiry will be handled with the judicious care, the impartial objectivity and the friendly purposiveness which has been a tradition with Senate committees?

Dealing with the witnesses who appeared before the Standing Committee on Finance, the honourable senior senator from Winnipeg had this to say, as recorded on page 795 of the 1956 *Hansard*:

> Even the Government, which I sometimes say is over-apprehensive, realizes that our committee

is not out to gun it, or to get it on political grounds, but is simply trying to procure facts for presentation to the public. The Government now seems to be quite willing to have its officials come and give us full information on which to found our opinions.

Later, complimenting one of the main witnesses, then one of the senior Government officials, the honourable senator said:

He not only gave us valuable information, but he told us how to look for facts and where to find them.

And on pages 796-7 we find these statements, which I am mentioning for reference purposes only:

May I say that the committee received every assistance from the Minister of Finance and his officials; in fact, he went out of his way to facilitate us in getting the information we required. His co-operation was very much appreciated.

I, too, must object to this statement of the Leader of the Government in the Senate (Hon. Mr. Aseltine):

Honourable senators, this motion is now before us as though the present Government were responsible for all the inflation that has taken place.

True, questions were asked which revolved around the proposition that it would be beneficial to know more about the extent of governmental responsibility for inflationary pressures—at the three levels of government —if the committee so decides. Were assertions made by either the mover or the seconder of the motion that present governmental policies are alone uniquely responsible for price increases?

From a position which I could understand, namely, that governmental expenditures at all levels should not be held accountable for more than their share of responsibility, the part, if it is proved to exist, has been predefined as the whole, an unwarranted assumption and identification.

Honourable senators, what am I to think, and how am I to assess the implications of what I consider to be the basic objection to this motion, namely—and here I am summarizing as adequately as time permits—that, somehow, the proposed study of inflation would trespass and transgress upon the exclusive, constitutional responsibility of the Government in its formulation and execution of economic and financial policy?—which responsibility, to my knowledge, no one in this chamber has questioned during this debate.

Now, what perturbs me most in all this is the inference of the practical existence of a jurisdictional injunction, which would or could effectively prevent the Senate from studying any governmental policy. Is this an argument whose indirect effect may well be to deny to the Finance Committee the exercise of rights and the performance of duties which it has undertaken in the past? If that is so, what will this denial do toward paralyzing and nullifying the usefulness of a Senate committee, which usefulness has been both recognized and appreciated?

With humility and with sincerity I venture to ask honourable senators to consider the ultimate implications of this ostensible denial to the Senate of Canada of the right to study and to report on matters construed to be the exclusive domain of the Government of the day; to consider, if you will, the logical and sequential connotations of this hypothesis upon the duties, the public responsibilities, the privileges, and the legislative status and parliamentary integrity of this honourable house. I hesitate to make any further observations upon this particular problem area.

May I respectfully draw attention of honourable senators once again to the substantive meaning of the motion proper, which is what we are concerned with. I must insist on the importance of distinguishing adequately between the substance of the motion and the personal observations which I have made in support of its adoption.

As you read the simple and direct text of the resolution, you will see that it instructs the Finance Committee to study the threat of inflation, and gives to it authority to send for persons, papers and records, and to report from time to time. It is for the Standing Committee on Finance to decide what aspects of this problem it is to study, how that is to be done, whom it is to summon as witnesses, and what it is finally to report to this honourable house. Surely we are not questioning the full competence and responsibility of the Finance Committee to do this important task, in the light of the debate upon this resolution, but within the operative framework of the substantive part of the motion?

I had hoped that the substantive motion would commend itself to honourable senators, because of its directness and simplicity and because of its public service intent. Although I had expected the discussion to be vigorous and informative, I had anticipated that the debate would not be lengthy and protracted, and that the Finance Committee would have been engaged with this inquiry long before the Easter recess. However, that was not to be so; but I believe that no serious obstacles exist which should prevent the adoption of this motion, and I want to believe that nothing but good could come from this proposed inquiry into the facts.

I continue to believe that such a study is timely and necessary. I believe that our Canadian democracy requires a balanced and unexcited exposition of the inflation situation, giving due and proportionate weighting to

all causative factors and to their sequential results. If we can ascertain more of these facts and if we can communicate them to the Canadian people in a kind of balanced exposé, then all—industrialists, bankers, businessmen, farmers and wage earners—will be helped to co-operate more effectively and with greater wisdom and reason in so adapting their actions as to forward a more balanced growth of our economy, without inflation.

We have had an extensive and fruitful debate upon this motion. I am sure that the seconder of this motion joins with me in thanking all honourable senators for the interest they have shown throughout this debate, and should the motion receive your approval we hope that this interest will be sustained so that we may perform the suggested public service.

Some Hon. Senators: Question.

The Hon. the Speaker: Honourable senators, the question is on the motion of the Honourable Senator Wall, seconded by the Honourable Senator Leonard:

That the Standing Committee on Finance be instructed to study the threat of inflation in Canada, and

That the committee have the authority to send for persons, papers and records and to report from time to time.

Is it your pleasure, honourable senators, to adopt the motion?

Those in favour of the motion will say "content".

Some Hon. Senators: Content.

The Hon. the Speaker: Those against the motion will say "non-content".

Some Hon. Senators: Non-content.

The Hon. the Speaker: I declare the motion carried.

Some Hon. Senators: Let us have a vote.

The motion of Hon. Mr. Wall was agreed to on the following division:

CONTENTS

Honourable Senators

Baird,	Golding,
Basha,	Grant,
Beaubien,	Hodges,
Bois,	Hugessen,
Boucher,	Isnor,
Bradette,	Jodoin,
Connolly (*Halifax North*),	Lambert,
Connolly (*Ottawa West*),	Lefrancois,
Crerar,	Leonard,
Croll,	Macdonald,
Dupuis,	McGrand,
Euler,	Petten,
Farquhar,	Pouliot,
Gershaw,	Pratt,
Roebuck,	Reid,
Savoie,	Robertson,
Smith (*Kamloops*),	Taylor (*Westmorland*),
Smith (*Queens-Shelburne*),	Vaillancourt
Stambaugh,	Veniot,
	Wall,
	Woodrow—40.

NON-CONTENTS

Honourable Senators

Aseltine,	Horner,
Brunt,	MacDonald,
Buchanan,	Méthot,
Emerson,	Pearson,
Gladstone,	Quinn,
Haig,	Sullivan,
Higgins,	White—14.

Hon. Mr. McLean: Honourable senators, I was paired with the honourable senator from Ottawa East (Hon. Mr. Choquette). Had I voted, I would have voted in favour of the motion.

NORTH ATLANTIC TREATY ORGANIZATION

MOTION FOR REVIEW OF ACTIVITIES BY EXTERNAL RELATIONS COMMITTEE

On the Order for resuming the adjourned debate on the motion of Hon. Mr. Thorvaldson:

That the Standing Committee on External Relations be authorized to review the activities of the North Atlantic Treaty Organization in so far as the interests of Canada therein are concerned;

That the said committee have power to send for persons, papers and records.—Hon. Mr. Robertson.

Hon. Mr. Robertson: Honourable senators, as the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) is not in the chamber tonight, I would ask that this order be allowed to stand and appear as the first order of business tomorrow.

Hon. Mr. Aseltine: Agreed.

PRIVATE BILL

CANADIAN LEGION OF BRITISH EMPIRE SERVICE LEAGUE—SECOND READING

Hon. David A. Croll moved the second reading of Bill S-19, respecting The Canadian Legion of the British Empire Service League.

He said: Honourable senators, this is a very simple bill. One of its purposes is to change the name of the organization that is known to all of us as "the Legion". Its legal name is "The Canadian Legion of the British Empire Service League". This bill drops the words "of the British Empire Service League" and retains the words "The Canadian Legion", which is what the organization really is. So after the bill has become law the legal name will be simply "The Canadian Legion".

One of the reasons for the proposed change is that the British Empire Service League has changed its name to "British Commonwealth Ex-Service League", and it may be changed

again. The Canadian Legion will still be associated and affiliated with the British Commonwealth Ex-Service League.

One of the other purposes of this bill is to permit the Dominion Convention of the Canadian Legion to delegate authority to the Dominion Executive so that the Legion may operate efficiently between conventions. This is a normal procedure and will be fully understood and appreciated by honourable members of this house, many of whom are members of executive boards. Any action taken by the executive must be ratified by the next convention, and if not ratified it will cease to be effective.

Hon. Mr. Macdonald: May I ask the honourable senator if the provisions of this bill have been presented to and approved by the general membership?

Hon. Mr. Croll: This bill emanates from the Legion and is, I believe, the result of resolutions passed at its last convention.

The bill also provides, in clause 3, for an enlargement of the purposes and objects of the Legion. These added purposes and objects are:

> —to encourage, promote, engage in or support all forms of national, provincial, municipal or community service, or any charitable or philanthropic purpose.

The Legion has been doing these things throughout the country for many years, and it now asks that they be included among the other purposes and objects set forth in the act.

That is all that is contained in this bill. I need not paint the lily in speaking about the Legion, of which most of us are members. I bespeak the support of all honourable senators for the second reading of the bill.

Hon. George S. White: Honourable senators, I rise to say a few brief words in support of this bill. In speaking to so many honourable senators who are, and who have been for many years, members of the Canadian Legion, it is hardly necessary to attempt to recount in any detail the splendid record and work of the Legion over the years. Every honourable senator who is a member can readily recall many instances in his own region where the Legion has taken hold of most deserving cases and has done much beneficial work in the immediate vicinity.

The new proposal name of the Legion appeals very strongly to me: I think the name "The Canadian Legion" is most appropriate.

It may be of interest to honourable senators to read the long list of the Legion's purposes and objects as set out in the act. Despite that very long list, the Legion, as pointed out by the sponsor of the bill (Hon. Mr. Croll), desires to extend the good work which it is doing.

I am sure that this bill has the support of all honourable senators.

Hon. W. Ross Macdonald: Honourable senators, I wish to join with the honourable senator from Hastings-Frontenac (Hon. Mr. White) in approving this bill, and to congratulate the honourable senator from Toronto-Spadina (Hon. Mr. Croll) for bringing it before this house. The Canadian Legion of the British Empire Service League is, if I remember correctly, the outcome of the Great War Veterans' Association, which was formed toward the end of the First Great War. A number of honourable senators, as the honourable senator from Hastings-Frontenac has mentioned, belong to this organization and know something of the splendid work which it has done. Many of us know personally of its splendid work because we have benefited by it. The Legion has been a boon to many a young man and woman who upon returning from overseas encountered difficulty in finding his or her place in life.

I heartily approve of the change of name, as I am sure all honourable senators will. The Legion, as the sponsor of the bill has said, has been commonly known over the years as "The Canadian Legion".

Motion agreed to and bill read a second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Croll, bill referred to Standing Committee on Miscellaneous Private Bills.

DIVORCE

PETITIONS—EXTENSION OF FILING DATE

The Senate proceeded to consideration of report No. 214 of the Standing Committee on Divorce, recommending that the time limit for receiving petitions for bills of divorce, which expired on Wednesday, February 25, 1959, be extended to Friday, April 17, 1959.

Hon. Arthur W. Roebuck, Chairman of the committee, moved adoption of the report.

He said: Honourable senators, I think that perhaps some explanation is due from me in regard to this report. Most reports of the Standing Committee on Divorce pass without comment, but this is a little unusual.

As honourable senators will recollect, for the last three years, at least, the Standing Committee on Divorce has been adamant in opposing any extension of the date set for the filing of petitions. There is very good

reason why we should be firm in that matter, because it is very unfair to ask honourable senators to sit throughout the session hearing evidence in support of divorce petitions.

Hon. Mr. Aseltine: How many additional petitions will this proposed extension allow in?

Hon. Mr. Roebuck: Under this proposal 28 petitions will be allowed in.

Hon. Mr. Aseltine: That means 28 more cases the committee will have to hear this session?

Hon. Mr. Roebuck: No; probably about half of that number will have to be heard this session. That is, of course, only an estimate.

One of the cases that leads us to take this action involves a co-respondent who is pregnant. We have not the heart to refuse that case, because we do not want to place a stigma on the child that is involved.

Hon. Mr. Macdonald: Is it a defended case?

Hon. Mr. Roebuck: It is not a defended case. That case alone is sufficient reason for the extension.

Then, there are two cases which, by mere accident, were filed one or two days later than the time limit, and representations have been made to us that there is urgency in these matters. We could stand obstinate, of course, and say: "No, you are too late, and your case cannot be tried". However, I think it is better in the long run to be good natured on certain occasions, and this is one of them.

Having regard to those facts the committee has unanimously passed the resolution to open up the time. As will be noticed from the report, the committee recommends that the time limit for receiving petitions for bills of divorce, which expired on Wednesday, February 25, 1959, be extended to Friday, April 17, 1959, the latter date being the date upon which we passed the resolution.

As I have said, two petitions were late by mere accident, and one has a very compelling human reason. However, if we extend the date for one we have to extend it for all. My estimate is that we will have from 10 to 15 additional cases to try as a result of this good nature on our part.

I think it should be said also that it should not be regarded as a precedent. We may say "Yes" this time and "No" on another occasion. It is just a matter of good nature on our part, and kindness, which I think is something we should exercise all the time.

Perhaps this is a good opportunity for me to give my honourable colleagues some statement on the progress of the work of the Divorce Committee. There have been 448 petitions presented during this session. That is a very large docket indeed. However, six of those were withdrawn. There have been 248 petitions heard and recommended by the committee, most of which have been passed by this house. We have rejected only one petition so far. Seven petitions have been partly heard, and 186 are still to be heard. Of course, not all of those 186 will be heard at this session, for various reasons. The parties may not have sufficient funds to finance the attendance of witnesses or to pay the parliamentary fees, and so on. Perhaps one-half of that number will actually come to trial during this session, and the rest may go over to the next session. That is just an estimate.

There is one other matter which I would like to mention at this time. Honourable senators may have noticed that I and a number of other members of the Divorce Committee were not in our seats in this chamber during the whole of last week. It is only fair to say that the Honourable Senators Bradley, Gershaw, Golding, Hodges, Kinley, Hnatyshyn, Taylor (Westmorland) and myself were engaged in hearing one contested case. We sat from 10 o'clock to 6 o'clock on Tuesday, Wednesday and Thursday, and from 10 o'clock to 12 o'clock noon on Friday. That is why we were not in our seats in the Senate chamber. It was unfortunate that we had to miss the interesting sittings in the house, but we were performing our duty in the committee, and there was no complaint from any of us.

Motion agreed to.

PETITIONS PRESENTED

Hon. Mr. Roebuck: Honourable senators, now that the time for filing divorce petitions has been extended, I present certain petitions that were allowed in under the extension.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, April 29, 1959

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

Prayers.

DOCUMENT TABLED

Hon. W. M. Aseltine: Honourable senators, I lay on the table the following document:

Convention No. 105—concerning the abolition of forced labour, adopted by the International Labour Conference at its Fortieth Session at Geneva, 25th June, 1957. (English and French texts).

NORTH ATLANTIC TREATY ORGANIZATION

MOTION TO AUTHORIZE EXTERNAL RELATIONS COMMITTEE TO REVIEW NATO ACTIVITIES—DEBATE CONTINUED

The Senate resumed from Thursday, April 16, the adjourned debate on the motion of Hon. Mr. Thorvaldson:

That the Standing Committee on External Relations be authorized to review the activities of the North Atlantic Treaty Organization in so far as the interests of Canada therein are concerned;

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

Hon. Wishart McL. Robertson: Honourable senators, I like the motion of the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) and I am only too happy to give it my wholehearted support. Moreover, I like very much the debate that has been taking place in the Senate in recent days, with viewpoints met by conflicting viewpoints. It reminded me of the good old days when I first became Leader of the Government in the Senate. Honourable senators will remember that there were then still some 35 or 40 members of the official Opposition in the Senate. I can assure you that, under the leadership of my distinguished colleague Senator Haig, they presented the Government party of the day with very vigorous opposition. My honourable friend's own attacks on the Government were certainly real thunderbolts, and he was ably assisted by the honourable Senators Aseltine, Horner and Quinn. In addition, there was a whole host of very able speakers in the Senate. I can remember the rapier-like thrust of Senator Calder, and the tongue lashing Senator Fallis could give whenever she felt so moved. I had never thought of all this in terms of political partisanship. My honourable friend Senator Haig and I settled that matter early in our careers by the one admitting that he was as much a partisan as the other. I do not know why we should not be partisans, or why we should be ashamed of it. I think all of us here are partisans. With a few possible exceptions, I do not imagine there is a member in this house who was not appointed because the Government thought he or she was a partisan, in the sense of being interested in the fortunes of his or her own political party. In my case I make no apology for that, and I see no reason why we should not approach matters in that light. I have no doubt each of us is very much disposed to support measures which reflect the viewpoint of our own political party, and to oppose measures otherwise, and I see no harm in that, because after all Canada has a party political system.

I must confess that I enjoyed listening to the debate on inflation—as I say, it reminded me of the old days—but I found it difficult to understand the arguments by honourable gentlemen opposite why they could not support the resolution for a study by the Finance Committee. I am not questioning at all their right to oppose the resolution. They stated their viewpoints, and that is what we are here for, to express our viewpoints on public matters.

The only real reason I could see advanced for opposing the resolution was that the mover, the seconder and the Leader of the Opposition (Hon. Mr. Macdonald) did not take honourable members opposite into their confidence as to what the motives for the resolution were. Well, I do not think that is much of a reason. And I say that because this particular motion, which I am giving my wholehearted support, curiously enough deals with much the same situation.

I will refresh the minds of honourable members of the Senate. On the morning of January 25 the mover of the present resolution, in his capacity as Chairman of the External Affairs Committee, called the members of the committee to plot out a program for the future. Some fifteen or twenty of us attended and there was a general discussion. My impression when we left the committee room was that there was general agreement that we would take no action or do anything until we had heard the Secretary of State for External Affairs give us an outline of the general situation. So I was a little amazed when at 3 o'clock that afternoon my honourable friend introduced this resolution. I regarded it as a good resolution. My honourable friend may remember that I immediately sent a note across to him to say that I liked his resolution, and that when the opportunity came I would support it.

Now, it would be easy enough to get party opinion worked up to the idea that because the mover of this motion, for some reason or other, had not taken the members of the Opposition in the Senate into his confidence

we as a party should oppose it. I say to my friends on this side of the house that I hope we do nothing of the kind. It is a good resolution, and while I am going to make some criticism it will not be of the resolution itself, but rather of the possible trend the review might take. On the idea of proposing the resolution, I compliment my honourable friend.

I also compliment the honourable gentleman upon the suggestion he made when, I think it was at the time he introduced his resolution, he said that at some future date a committee of the Senate might be set up to review the whole question of defence expenditures in Canada, as to magnitude. I assure my honourable friend that if a convenient time comes for him to propose such a review he will have my wholehearted support, and I believe he will have support from a good many members on this side of the house.

Hon. Mr. Euler: Hear, hear.

Hon. Mr. Robertson: I would point out to my friend, however, that such a review of expenditures is not as easy as he or I may think. True, I agree with him wholeheartedly that the taxpayer in Canada is sick and tired of these tremendously high expenditures. But when it comes to considering the volume of defence activity this country, like the the United States, would find there is as much interest in defence expenditures from the point of view of employment as from security. Perhaps it is a question of degree.

In a speech I made in this house a few days ago I mentioned that if our defence expenditures in 1949 were in the same ratio as those of Great Britain we could reduce our costs from $1,800 million to $800 million. Suppose we confronted the Minister of Finance with the suggestion that defence expenditures be cut by $1 billion, he would be delighted to hear it. But I can imagine what the reaction of the Minister of National Defence would be. He might well say to me: "That is all very well, Senator Robertson, but do not forget what such a reduction will do to your province of Nova Scotia". Now, I am not arguing for or against such a proposal. I would think that such a drastic cut in the national expenditure might almost cripple the city of Halifax.

I saw in yesterday's Halifax *Chronicle* a headline to the effect that some $10 million was going to be spent on an air field at Greenwood, and that the population of Kentville would be doubled. If I was swayed by public opinion I would be inclined to think twice before advocating that that program be thrown on the ash heap. I have no doubt a similar situation exists across the length and breadth of this country, as it does in the United States. So, honourable senators, it is not as easy a problem as one might at first think; nevertheless, it is most serious.

In my humble opinion the committee that has been instructed to investigate inflation will find that the inflationary trend in the last ten years has been sparked largely by the tremendous and staggering amounts of money spent on defence expenditures and mutual aid. In most other fields there is a yardstick to go by. For instance, in a house-building program the houses are to be sold. But armaments and a great deal of mutual aid are destined to be thrown in the ash can—at least, so far as the armaments are concerned, because they so quickly become obsolete, and mutual aid is given away. So the ordinary restraints on cost do not exist, and I think that when the real history in regard to inflation is written it will be seen that inflation in Canada and the United States has been running in parallel ways, as the honourable senator himself pointed out in the inflation debate. That is why we have got ourselves on to such a high level, such a peak, as compared with our European partners. Nevertheless, I am not opposing the suggested review of defence expenditures, for as I have said I would be happy to support it.

I come now to the resolution before us, and I want to deal particularly with one of the comments of the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) when he introduced it. The resolution, as honourable senators will remember, is:

> That the Standing Committee on External Relations be authorized to review the activities of the North Atlantic Treaty Organization in so far as the interests of Canada therein are concerned.

My honourable friend in moving the resolution made an excellent speech, with almost all of which I heartily agree. Referring to a remark I had made a day or two before in speaking to a resolution of Senator Connolly (Ottawa West) he said this:

> Also, of course, as the honourable senator from Shelburne has intimated, NATO has not been very successful in efforts to create an improved economic climate between its members. However, I do not want to be critical of NATO for this default for I do believe that as far as Canada is concerned our concentration of purpose in regard to trade should be through the United Nations agency responsible for the General Agreement on Tariffs and Trade, known as GATT, rather than through NATO.

If my honourable friend meant that economic collaboration between our allies is desirable, but that the North Atlantic Treaty Organization is not the vehicle through which to do it, then I would not have much difficulty in agreeing with him. At least, that has been my thinking, although I did

not originally hold that idea. But if he says there is no place for economic collaboration between the allies other than through the medium of their participation in GATT, in which of all the countries in the world there are 38 or 40 members, then I must take most vigorous exception to that view.

The reason why I do so, honourable senators, is that I think it is a complete reversal of the thinking of the overwhelming majority of the Canadian Parliament for the last ten years. I remind this house that originally when the North Atlantic Treaty Organization was formed, at Canada's insistence a clause, which in part called for economic collaboration and elimination of international trade rivalries, was put in the treaty. It met with the unanimous approval of this house, and it met with the almost unanimous approval of the other—I think there were one or two dissenters. It is my opinion, for what it is worth, that the insistence of the Canadian Government of that day upon including this provision in the North Atlantic Treaty was the wisest and most far-sighted action that has been taken in my generation. The persons responsible for drafting it and putting it through—and I give full credit to the various leaders in our Parliament who supported it—showed an appreciation of future events that is, in my opinion, without parallel. One of the most tragic things in our relations with our allies is that this was never implemented.

I do not know if what my honourable friend from Winnipeg South has said reflects the opinion of the Government—perhaps the honourable Leader of the Government (Hon. Mr. Aseltine) will indicate his view on the matter—but the honourable senator expressed a vital and important viewpoint that should elicit discussion. I believe we should have economic collaboration among the NATO countries, and the great fault is that we have not had it. I do not believe that GATT is the medium through which to bring it about. As I understand it, GATT is the maker of rules for the development of multilateral trade. If you want to raise your tariff because of some inflow of goods you must negotiate through GATT and give some *quid pro quo*. The direct agency, as far as the Atlantic community or our European partners is concerned, is a separate and distinct matter entirely. In recent years Canada has been represented on three different committees that attempted to get NATO to implement the economic clauses. At least, it was my conception that the whole genesis of the formation in Canada of the NATO Parliamentary Association was based largely upon the failure of NATO to implement the economic clauses. Indeed, I thought that was the general feeling at the time.

I had the honour to be the first president of the NATO Parliamentary Association and Mr. John Diefenbaker was vice-president. The various Canadian political parties were represented on the executive committee as follows: Gordon Churchill, Conservative; Alistair Stewart, C.C.F.; Victor Quelch, Social Credit, and Elmore Philpott, Liberal. The honourable Senators Aseltine, Fergusson and Roebuck were Senate members on the executive of the association. If and when the External Relations Committee undertakes a review of NATO activities I will take strenuous objection if the investigation does not deal with the economic impact consequent upon our not having implemented the economic clauses at that time.

Hon. Mr. Thorvaldson: I wonder if the honourable senator would allow me one comment. I am in complete agreement with what he has said. The difficulty is that I tried to deal with this point in a few words. I was really trying to deplore the fact that NATO had not been as effective in the economic sphere as we had hoped in the beginning it would be. That is really what I intended to convey and I just want to say to my honourable friend that I am in complete agreement with what he has had to say on the economic side about NATO.

Hon. Mr. Robertson: I accept my honourable friend's explanation and I would remind him that I prefaced my remarks by saying I did not know exactly what he meant. I interpreted the phraseology he used to mean that we would depend entirely on GATT, and in my judgment that is not enough. It raises the big question: if NATO is not the vehicle, then what is? This is one of the problems that will face the Atlantic Congress called by the NATO Parliamentary Association for early June. It arises primarily because the participants are not satisfied that NATO has done enough. It is felt that NATO is purely and simply a military organization, although strangely enough I noticed in a NATO anniversary pamphlet I received only yesterday that NATO is going to concern itself with one aspect of economics, the coming trade economic offensive of the Soviet Union. But it will have nothing to do with relations between the member nations themselves. The argument the participants have advanced is that NATO has left this to other agencies, but the difficulty in this is that the member nations of NATO never created any other agencies. They are referring to the European partners, who are going ahead with it, whereas I am afraid we on this side are

drifting. The Atlantic Congress must deal with the question of increasing the collaboration that has existed in the last ten years in what is generally referred to as the Atlantic community.

I pause here to make myself perfectly clear. When I referred to the Atlantic Congress when speaking on the resolution of the honourable senator from Ottawa West (Hon. Mr. Connolly) recently, one honourable senator thought I was making an announcement. I was not doing that at all, for I am not qualified to do so. If an announcement is to be made it has to come from the honourable Leader of the Government (Hon. Mr. Aseltine) or the honourable Leader of the Opposition (Hon. Mr. Macdonald). I have nothing to do with the Canadian delegation. As I have said, there are 45 members in all going to London. I am going in my official capacity as an honorary International Life President of NATO. I have also maintained an interest in the local association, of which I am also an honorary life president, and I sit in on all their meetings but I scrupulously avoid interfering with their activities unless they ask for my advice.

Hon. Mr. Wall: May I interrupt the honourable senator to ask a question?

Hon. Mr. Robertson: Yes.

Hon. Mr. Wall: How is Canada's 45-member delegation distributed among members of the House of Commons, the Senate, and among the government and non-government personnel?

Hon. Mr. Robertson: I cannot say as to the non-parliamentary delegates except they are supposed to make up 30 of the 45. Of the 15 parliamentarians, 13 will be from the House of Commons and two from the Senate. I understand that five alternates have been named from the House of Commons to make the trip, increasing to 18 the number of delegates from that house.

Hon. Mr. Macdonald: Have any alternates been named from the Senate?

Hon. Mr. Robertson: Not unless the honourable Leader of the Government or the honourable Leader of the Opposition have appointed any.

Hon. Mr. Macdonald: I will be glad to appoint one if I am empowered to do so.

Hon. Mr. Lambert: Could the honourable senator indicate how many from outside Parliament are appointed?

Hon. Mr. Robertson: The last list I saw of acceptances that were in, which was not all complete, showed 27. I think the honourable senator from Ottawa West (Hon. Mr. Connolly), or the honourable senator from Lumsden (Hon. Mr. Pearson) will bear me out on that point, because they were both at the meeting; that was some eight or ten days ago.

Hon. Mr. Euler: Who nominates them?

Hon. Mr. Robertson: I must give you the same answer as I gave the honourable Leader of the Government: I do not know.

Hon. Mr. Reid: From your information and knowledge of NATO, do you think that any danger arises in bringing economics into the picture as the prime motive of setting up NATO?

Hon. Mr. Robertson: That is a debatable point. In my judgment, and I will give my theory later, it was a failure not to implement economic collaboration, which was part and parcel of the agreement, running concurrently with the creation of the huge military machine, for two reasons. First, it would increase the ability of the member partners to respond to their financial obligations in connection with military expenditures; secondly, it would tend to eliminate international trade rivalries which have poisoned political relationships. If my friend asks if it would interfere, I can only say that I do not know, except that rightly or wrongly it has had nothing whatever to do with it. There is a very definite movement on the part of the Americans and the British in the background, I understand, to take all other forms of collaboration and set them up under another agency altogether outside of NATO. They take the attitude that NATO is purely a military organization that will die when it serves its immediate purpose. They feel that plans should be made for the economic and cultural aspects to go on indefinitely. That is not necessarily my view, but that is the view expressed, as I understand it. However, my judgment of it—and I am glad my honourable friend agrees with this viewpoint, as I am sure all of us do, for there never was any great disagreement—I believe the whole question of Atlantic community relations revolves around economics. I think it is the kernel of the whole situation, and I think it is a question of most vital interest.

Honourable senators, when I hear or read about the magnitude of the provision that the Western world has made in armaments—now totalling something over $500 billion—a vast machine, which I hope and believe is a very effective machine, sometimes I have an uncomfortable feeling that in principle it is not unlike the French Maginot Line. It is said that Khrushchev and those who are with him aim at world conquest. I do not know whether

they do or not, but my common sense tells me that they are very shrewd men, and that if they aimed at world conquest they would rather have it as a going concern than as a smouldering ruin.

Hon. Mr. Euler: That is common sense.

Hon. Mr. Robertson: Every time I think of this vast military machine I think of the Maginot Line and how easily Hitler circumvented it by going around the end of it. That is our danger today. Khrushchev has declared war upon us economically. He has said that he is going to outstrip the United States in seven years, and that he is going to beat us. If he slips around the end of our "Maginot Line" he will find us with very precarious economic defences. We may ignore what is going on among the rest of our allies on the question of non-implementation of economic collaboration, but, as the honourable senator from Ottawa West pointed out to us, our friends are not ignoring it. In actual fact, six member countries of NATO have entered into a Common Market, which means economic co-operation and an economic unit. Seven other member countries, led by Great Britain and four others, are faced with one of two alternatives, that is, of joining up in some form with the Common Market, or, what I am led to believe is now being actively canvassed, a second economic community with 130 million people. The alternatives are: (1) A community with 300 million people; (2) two communities, one with 170 million people and one with 130 million people. The seriousness of the situation has to do with what will happen to the remaining two members on this side of the Atlantic, which are drifting whither I do not know, and I do not know if anyone can give an answer.

I need hardly say that those two members are the United States and Canada. Curiously —perhaps I should not say curiously—we have very much in common with regard to our huge armament expenditures. I am not saying we should not make them, but it is a fact that these expenditures have been terrifically inflationary. Both countries have given generous assistance to build up the economies of Britain and Western Europe. Both have a grossly aggravated wage scale— I believe it is four or five times that of the Common Market countries in Europe. That has put us on this side of the water in a most precarious position, as far as competing in world markets is concerned.

There is a marked similarity between our two countries. I will refer to the United States first. In the April 27 edition of *United States News and World Report* is an article entitled "Is the United States Pricing Itself Out of Markets?" The article discusses the effects of high production in the United States of such products as barbed wire, nails, bicycles, sewing machines, steel flatware, typewriters, fishing tackle, jewel watches, clocks, woollen gloves, hardwood plywood, cameras, woollen fabrics, cotton cloths, automobile tires, automobiles, radios and turbine generators, and what is happening in each case. In some instances, the article points out, industries are going out of business, unable to meet the competition. In other instances the proprietors are contemplating moving their industries to the Common Market countries of Europe where their production costs will be so much lower, and then shipping to the North American market.

The article concludes as follows:

> The trend is toward the rising of imports from abroad, and a decline of exports from the United States to nations abroad. The United States producers trying to meet this competition have two alternatives if they want to stay in business— Turn to more automation, using fewer people, or shift production overseas.

There are a number of tables given, but I will simply quote from the figures for automobiles:

U.S. Imports:

1953	29,505
1958	431,608

U.S. Exports:

1953	186,262
1958	125,834

As honourable senators know, many of these imports are from manufacturing plants of the United States located in Europe.

I want to refer also to an editorial in the Montreal *Gazette* of March 12. It quotes the current *Monthly Letter* of the First National City Bank of New York to the effect that during the second half of 1958 the United States exported about 10 per cent less manufactures than during the first half of 1957.

At the same time, according to preliminary data, West Germany increased her exports of manufacturers by 14 per cent, and Japan by 6 per cent. The United Kingdom experienced a drop of 4 per cent. France remained unchanged, but Italy and The Netherlands both improved their positions.

The *Monthly Letter* states:

> The possibility of the United States pricing itself out of world markets cannot be dismissed. Renewing inflationary pressures ought to be prevented, of course, for overwhelming reasons of a domestic nature, economic, financial, as well as social, but injuries to export and employment clinches the case.

I want to make one other reference. I apologize to honourable senators for spending so much time on the United States, but I point out the deadly parallel between the circumstances in that country and those in Canada. I have an extract from a letter that a friend of mine in the United States

wrote to a mutual friend of ours in New York in regard to this coming Atlantic Congress, hoping that from it might emerge some means to bring the United States into economic collaboration to a far greater extent than it is at the moment. He supported that stand. I am going to take the liberty of reading the extract because it appeals to me so much. It is not long. I might say that the writer is Will Clayton, a very prominent cotton distributor in the south. For two years he served in the Truman administration as Under Secretary of State for Economic Affairs and is generally credited with being responsible for the details of the Marshall plan, which, as honourable senators know, contributed so much to European rehabilitation. The extract from his letter reads:

> I favour alliances between nations of the free world but only if the scope of such alliances is sufficiently comprehensive as to draw the contracting nations closer together.
>
> Military alliances are short-lived and undependable.
>
> It was no doubt for this reason that the NATO agreement contemplated economic collaboration between the contracting parties.
>
> Unfortunately, the U.S. seems to have successfully blocked any action by NATO toward this end.

This is the first time I have ever heard a responsible person say where the opposition to collaboration came from. He goes on:

> In the face of the successful launching of Benelux and now of the European Common Market setting Western Europe firmly on the way to free trade, we have turned in the opposite direction. We have imposed import quotas, raised tariffs, dumped commodities abroad and recently rejected a low bid by a British electric concern for furnishing a turbine for a public installation in Arkansas and gave the order instead to an American manufacturer at a price some thirty per cent over the British bid.
>
> Most of this has been done on the pretext that it is in the interest of national security.
>
> This type of economic nationalism just won't mix with political and military internationalism.
>
> As long as we continue to act in the short-term special interest of our minority groups against the national interest and against the needs and interests of our allies and other nations of the free world, just so long will we find the unity of the free world weakened.
>
> The expectation of a continuation of inflation in the U. S., induced by deficit financing, is inevitably causing an advance in our prices, gradually squeezing us out of world markets and intensifying foreign competition in the domestic market. This is bringing demands for the imposition of further import quotas, the further raising of tariffs and the further dumping of excess production abroad.
>
> If we take this course we will surely drift into isolationism and in time probably become a lonely, second-rate power.

I am indebted to two of the "night owls" in the Senate, Senator Crerar and Senator Euler, for the information that in the television world there is a phenomenon which takes places in the wee small hours of the morning called the "late, late show". If the United States prices are high-cost, the only comment I can make is that Canadian prices are "high, high cost", because, as everyone knows, Canadian costs are higher than corresponding American costs.

I will not bore the house with any further references, except to say that I commend to honourable senators a very excellent speech made by Mr. Muir, President of the Royal Bank of Canada, on this subject of pricing ourselves out of world markets. Also I would like to refer honourable senators to an excellent editorial in the Montreal *Gazette* along the same lines, saying that if the United States is worried about this question, what about us?

I want now to come back to our immediate Canadian position, to the question of high-cost competition.

I am indebted to a recent speech by Mr. Stuart Armour of the Steel Company of Canada, which interested me because of the great deal of valuable information it contains with regard to our competitive position. In reply to an inquiry he sent me some figures. I will not undertake to put them all in but I have here a table in which he gives the average hourly earnings paid in the steel industry in the Western world, including Japan, and if honourable senators permit me I will place it on *Hansard*.

Hon. Senators: Agreed.

Hon. Mr. Robertson: Thank you.

HOURLY EARNINGS IN THE STEEL INDUSTRY

Selected Countries

(U.S. dollar averages for 1957)

Country	Average hourly earnings
Austria	$0.471
Belgium	0.757
Canada (Stelco) 1958	2.622
	(In Canadian funds including fringe benefits)
	2.701
	(Canadian earnings in U.S. funds including fringe benefits)
Denmark	0.874
France	0.583
Germany (West)	0.694
Great Britain	0.827
Italy	0.550
Japan	0.361
Luxembourg	0.969
Netherlands	0.615
Norway	0.916
South Africa	1.286
Sweden	1.076
Common Market	.70
United States	3.33

The average hourly wage paid in these Common Market countries is 70 cents. That is, the per hour earnings in the steel industry in selected countries are, in the United States

dollars, 70 cents an hour. In Italy, they are 55 cents; Great Britain, 87.2 cents; Sweden, $1.076.

The significant thing is that the figures he gave me are comparative figures. In the case of hourly Canadian earnings, including fringe benefits, the corresponding figure is $2.70 expressed in Canadian funds. The comparative figure in the United States is $3.33.

Hon. Mr. Horner: That includes the coffee break as well?

Hon. Mr. Robertson: I presume they are all on the same basis.

I am giving his figures. I believe Mr. Armour is a very well-informed man; he is working for one of the most efficient industries in Canada.

Hon. Mr. Crerar: Those are hourly earnings you gave us?

Hon. Mr. Robertson: Hourly earnings.

Hon. Mr. Aseltine: What would the figure be in Japan?

Hon. Mr. Robertson: 36.1 cents.

Hon. Mr. Euler: Have you any figures on Russia?

Hon. Mr. Robertson: Not yet.

I noticed Mr. Muir's very caustic remarks in regard to our price structure, after his trip to Russia, and I believe he might be a good witness for the Senate committee to call to get information along that line.

I want to remind honourable senators of the characteristics of our secondary industries in Canada *vis-à-vis* those in the United States and these European countries. Generally speaking, because of our small production the unit cost in Canada as compared with that of the United States is approximately 35 to 40 per cent higher. That information will, I think, be found on page 239 of the Gordon Report. That higher cost is, in part at least, offset by the generally lower level of wages in Canada—as much as 25 per cent—as compared with wages in the United States.

The converse is true in respect of competition from overseas countries, although the level of wages is lower than it is in Canada, and so is their average productivity. Our technology and research gives us a significant advantage over most overseas producers in the secondary industry sector. Canadian unit labour costs in secondary industries are generally below those in overseas countries, despite their lower wages.

I wrote again to Mr. Armour and I received a reply in which he enclosed a list of sixteen different steel items on which he quoted the landed price, duty paid, in Montreal and Toronto, which would come into effect upon the opening of the Seaway. This list shows landed prices of from 22 to 52 per cent less than the Canadian prices.

Hon. Mr. Euler: May I ask my friend a question? Does his comparison regarding wages on this side of the Atlantic with those on the other side apply to secondary industries and basic industries as well?

Hon. Mr. Robertson: It applies only to the steel industry. Mr. Armour is the economic adviser to the Steel Company of Canada.

Hon. Mr. Euler: My friend does not know whether these figures apply as well to the secondary industries?

Hon. Mr. Robertson: They apply to that secondary industry, the steel industry.

I wrote to Mr. Armour and drew his attention to the statement in the Gordon Commission report. His reply, which I found very interesting, is as follows:

> The increase in output in western Europe and Japan is based on modern automatic equipment. The post-war physical plant of the world steel industry is modern and productive. In output per hour it is probably close to the Canadian situation. While rising internal steel consumption has probably taken the larger part of their increase in output, these countries can be highly competitive in price and quality in the export market.

I asked Mr. Armour if I might make use of the information he had enclosed in his reply, and he replied that I could do so. He gave me two tables, one with reference to the delivered price of steel merchant bars, and another with respect to steel reinforcing bars. With the permission of the house, I will place these tables on the record. I am not familar with the technical terms of the steel industry, so I will let the tables speak for themselves.

STEEL—MERCHANT BARS—DELIVERED PRICES—PER 100 LBS.

	At Toronto				At Montreal			
			Difference				Difference	
	Canadian	Duty-paid European	100 lbs.	Ad Valorem	Canadian	Duty-paid European	100 lbs.	Ad Valorem
Section								
1 × 1 × 1/8" Angles	$7.08	$5.49	$1.59	29 %	$6.95	$5.12	$1.83	35.7%
2½ × 2½ × 1/4" "	6.48	5.03	1.45	28.8%	6.35	4.66	1.69	36 %
3 × 3 × 1/4" "	6.38	5.15	1.23	23.8%	6.25	4.78	1.47	30 %
4 × 4 × 1/4" "	6.28	5.15	1.13	22.0%	6.15	4.78	1.37	29 %
Rounds								
1/2"	8.18	5.71	2.47	43 %	8.05	5.34	2.71	52 %
3/8"	7.08	5.35	1.73	32 %	6.95	4.98	1.97	40 %
1/2"	6.68	5.21	1.47	28 %	6.55	4.84	1.71	35 %
3/4"—2 15/16"	6.18	5.12	1.06	20 %	6.05	4.75	1.30	27 %
Flats								
1 × 1/4"	6.83	5.30	1.53	29 %	6.70	4.93	1.77	36 %
2 × 1/4"	6.73	5.03	1.70	34 %	6.60	4.66	1.94	41 %
3 × 1/4"	6.53	5.21	1.32	25 %	6.40	4.84	1.56	32 %
4 × 1/4"	6.48	5.45	1.03	20 %	6.35	5.08	1.27	25 %

SOURCE: Numerous quotations from intermediaries in U.S.A. and Canada. Originals and/or photostats are on file.
The Steel Company of Canada, Ltd.
Sales Division, Hamilton, Ont.
March 2, 1959. EAT-np.

STEEL REINFORCING BARS—DELIVERED PRICES—PER 100 LBS.

	At Toronto				At Montreal			
			Difference				Difference	
	Canadian	Duty-paid European	100 lbs.	Ad Valorem	Canadian	Duty-paid European	100 lbs.	Ad Valorem
No. 3 Bars....	$6.50	$5.21	$1.29	40.4%	$6.45	$4.85	$1.60	33.0%
No. 4 Bars....	6.10	5.12	.98	19.1%	6.05	4.76	1.29	27.1%
No. 5 Bars....	5.80	4.98	.82	16.5%	5.75	4.62	1.13	24.4%
No. 6 Bars....	5.60	4.98	.62	12.5%	5.55	4.62	.93	20.1%

NOTE:—(1) The above is based on quotation from Antwerp Steel Export to Solway Metal Sales Ltd., Toronto, Ont., for delivery at the 1959 opening of Gt. Lakes navigation season.

(2) The prices quoted by European Corporation Limited to our Toronto fabricators are approximately equivalent to the above, and are as follows:—

No. 3 Bars..... $5.25 per 100 lbs., Duty-paid;
No. 4 Bars..... 5.15 " "
No. 5 and Heavier..... 5.00 " "

The Steel Company of Canada, Ltd.
Sales Division, Hamilton, Ontario.
EAT-np.
March 2, 1959.

Hon. Mr. Wall: Would the honourable senator care to tell us whether these tables also show the comparable Canadian prices?

Hon. Mr. Robertson: Yes, the Canadian prices are shown. That is where Mr. Armour gets the difference of from 22 to 52 per cent.

However, I must confess that without any special knowledge of the steel industry I find it difficult to reconcile it with certain information as to what is going on. At the time Mr. Armour sent me this information—which discloses facts that to my mind would tend to increase their competition rather than lessen it—information came to my attention that the Steel Company of Canada was making a $20 million extension to its plant. And over the past weekend while in Montreal I read that the Dominion Coal and Steel Company is considering calling tenders for an $80 million steel plant on the St. Lawrence. Further, I understand that the Consolidated Mining and

Smelting Company is building a steel plant in the west.

There you have both sides of the argument, and it will be a very interesting job for the appropriate committee to reconcile the two sides.

Before I forget, let me say that I think the crux of NATO's failure to encourage economic co-operation brings the question right down between the two gentlemen, Senator Emerson and Senator Thorvaldson, who will perhaps be calling the same witnesses in their committees on the same subject. Certainly the present situation has a bearing on NATO's position, and on the question of inflation. As I have said, it is the tremendous armament expenditure that in part is responsible for the inflationary trend. However, these are matters which the committees will be looking into and considering carefully.

It is my own conclusion that economic unions are the order of the day. There is already one in existence, with the whole idea of getting mass production to reduce costs. Starting from the low-wage level it has, I believe it will present some serious competition to other countries, so serious that I personally do not think Great Britain and others can refrain from making some corresponding arrangement. I have heard one of the non-member countries of NATO say that the latest move is to form Economic Union No. 2 in Europe, headed by the United Kingdom.

This presents a real problem for us in Canada. Actually, the third economic union is south of our border, a country with 175 million people, highly developed, but with an economy distorted by tremendous armament expenditures. If Britain, with 50 million people should be forced into it, what earthly chance have we got, with 17 million people? I ask that because the ordinary practice of raising tariffs to keep competition out is not an easy thing to do under GATT. I come back to the theory that I have had from the start, and I believe everything is moving toward it. We have got to get into some larger trading area. The scope of where we can go is continuously getting smaller.

I have mentioned the speech by Senator Connolly (Ottawa West) on the European Common Market. Senator Lambert, who has one of the keenest minds in regard to trade, misunderstood, I think, what Senator Connolly said. I do not think Senator Connolly meant that, great as this development is going to be in Western Europe, it will hold out much opportunity to us as markets. I think he was pointing out to us that fact, so that we could draw some lessons from it. As Senator Lambert said, we had better look at the substance rather than the shadow. I suspect, knowing his views and how close they have been to mine over the years, that he meant we should not do anything to harm the real substance, which is our economic relations with the United States, for the sake of the shadow, which is very obscure.

Actually, we have been pricing ourselves out of the market on every hand. The idea we have had in our minds that markets overseas are of course going to be available to us is a thing of the past. There is not one single market where we have any particular advantage or preference in which our European competitors could not beat us. My honourable friends may say that there is a chance in the West Indies, but they will beat us there.

Hon. Mr. McLean: They are beating us there now.

Hon. Mr. Robertson: There may be some preference because of their Commonwealth association, but I hazarded a guess the other day that in due course, having regard to the relations of Britain with the European countries, the Commonwealth preferences, as we know them, are going by the board and will be extended to all of Europe. Actually, there is very little about it in our papers, but in the last issue of the *Economist* there was a reference to a Commonwealth Conference under the auspices of the Royal Institute of International Affairs in Palmerston, New Zealand, at which their whole deliberation was taken up with the attitude of the Commonwealth towards the Common Market countries, whether they should deal with them individually or collectively. Sir David Eccles is quoted as imploring South Africa not to make bilateral agreements with those Common Market countries, and stressing the better opportunities if they act collectively. But I suspect that *vis-à-vis* our European partners in a year or two years we will not have a preferential tariff advantage at all. We will give to them just the same preference as we give to Commonwealth countries, and the European countries will give us opportunities in regard to our markets as well.

I believe today, just as I did formerly, that the dramatic events which are taking place in the economic world mean that Canada is drifting—I would not say "rapidly", but I would say it is drifting—toward economic union with the United States, as that is the only possible market we can sell in, and which is in the same position as we are. That would not terrify me so much as it would others, but I realize that whatever

the great material advantages might be there would be very great political dissatisfaction, and I am using that term in its broader meaning.

I think we have got to choose one of two courses: an economic union with one member of NATO, or an economic union with them all. Personally, I would rather see it made with them all.

One of the most interesting debates I ever heard in this house—I say this for the information of the newer senators—took place in the first session of 1950 on a motion by the honourable Senator Euler, seconded by the honourable Senator Crerar:

> That the Senate of Canada do approve of the calling by the United States of America of a convention of delegates from the democracies which sponsored the North Atlantic Treaty and representing the principal political parties of such democracies, for the purpose of exploring how far their peoples and the peoples of such other democracies as the convention may invite to send delegates, can apply among them within the framework of the United Nations, the principles of federal union.

The debate on that motion brought forth some of the finest speeches I have ever listened to in the Senate—and there have been many good ones. The mover and the seconder both made excellent speeches, as did the honourable Senator Horner and the honourable Senator Haig. But the speech that stands uppermost in my mind was the one made by the honourable Senator Gouin, who, dwelling on this question of collaboration between these various countries and our allies, or a concentration of one or other of them, and speaking in the kindliest terms of the United States, registered in most eloquent terms how much rather he would have that association in an association of which the United States was a member but in which it was not the only member. If honourable senators would like to read a masterpiece they can refer to *Hansard*.

These are the two economic alternatives, as far as I can see. The problem now is much more difficult than it would have been if it had been faced ten years ago, but somehow we have got to do something or there will be an economic curtain drawn right down the middle of the Atlantic which will strike at the very foundations of NATO.

Hon. Mr. Euler: Honourable senators, I agree with almost all of what the senator from Shelburne (Hon. Mr. Robertson) has said, but I would like to ask him a question. Whether an economic combination is formed with the United States, or whether perhaps the United States will merge with one of those which have been formed in Europe, how would he meet the threat of competition from Russia, where they can fix the wage scale at any point they wish?

Hon. Mr. Robertson: I do not think there is any action we could take. Obviously, if they want to injure us economically there is nothing we can do about it, except that we have the great mass of the Western world—those with whom we are in direct economic co-operation and those who are connected with it in some peripheral way—which would present a bulwark that I think Russia could not successfully frighten.

The difficulty with our economic defences is that they are not co-ordinated, and there could be the most serious political differences of opinion arising from trade rivalries between this side of the Atlantic and the other side. It is a simpler thing for the European people to get together on this, because of their relatively similar conditions, and relatively similar wage levels, when ours are four times what theirs are. Having regard to their exceedingly modern and improved machinery for production, this matter is no child's play, I can tell you.

Hon. Mr. Wall: Honourable senators, I do not wish to delay the debate but I have a few observations to make in support of the resolution, and if no other honourable member wishes to adjourn the debate I would like to do so now.

Hon. Mr. Macdonald: Before the debate is adjourned may I ask the honourable Leader of the Government (Hon. Mr. Aseltine) if, in view of the comments made by the honourable senator from Shelburne (Hon. Mr. Robertson) about the membership of the Canadian delegation to the forthcoming Atlantic Congress, it would be possible to have two alternate delegates appointed from the Senate? The honourable senator from Shelburne said, I think, that there were eight additional members appointed from the House of Commons.

Hon. Mr. Robertson: Five.

Hon. Mr. Macdonald: Five in addition to the 13 originally named. I understand that the attendance of these members in London will not depend upon inability of the regular delegates to attend, but the alternates will be available to vote in case any regular delegate should become ill. My suggestion to the honourable Leader of the Government is that two alternate delegates should be appointed from the Senate, and I would appreciate it if he would take this matter up with the Government.

Hon. Mr. Aseltine: I have no information on the subject. I do not know whether I can

do anything about it, but I will take the matter up and do what I can.

Hon. Mr. Robertson: I suspect the honourable Leader (Hon. Mr. Aseltine) will find that the list has been pretty well closed. I would point out that this is only the beginning of something that is in contemplation. I do know that the NATO Parliamentary Conference will take place in Washington next September. I think the Senate on a proportionate basis can seek to have more members on the delegation than it now has.

On motion of Hon. Mr. Wall, debate adjourned.

PARLIAMENTARY SECRETARIES BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. W. M. Aseltine moved the second reading of Bill C-37, to provide for the appointment of Parliamentary Secretaries to Ministers.

He said: Honourable senators, you will find this bill in your desks and it might assist you if you have it before you while I give my explanation.

The bill is a brief one and is in uncomplicated language. It consists of only six paragraphs and its purpose is to provide for the appointment of not more than 16 parliamentary secretaries to assist ministers in the discharge of their duties. The appointments would be for not more than 12 months' duration and would automatically terminate when the incumbents ceased to be members of the House of Commons. The bill provides for the payment of salaries at the rate of $4,000 per annum, to be paid out of the Consolidated Revenue Fund. It further provides for the payment of reasonable travelling and other expenses incurred by parliamentary secretaries in the discharge of their duties.

I would refer honourable senators to section 6 of the bill, which provides that a person will not be disqualified from sitting or voting in the House of Commons because he is in receipt of additional remuneration for his services as a parliamentary secretary.

In my opinion the appointment of parliamentary secretaries is quite necessary and should contribute greatly to the efficiency of Parliament. The practice of appointing parliamentary secretaries has been found to be of invaluable assistance in Great Britain, and also in Canada where parliamentary assistants were appointed in 1943, and then again in 1947, after the general election of that year. There is no intention here of introducing any entirely new system. The proposed legislation, with the exception of a few modifications, would follow what has been done in the past but, unlike the former practice of appointing parliamentary assistants under authority of an item in the estimates, these appointments would be made under authority of a statute—and this bill, if passed, would be the statute. The persons performing the duties outlined in this bill would bear the title of parliamentary secretaries and not parliamentary assistants.

The embodying of the system in a statute is quite important, because there was some doubt as to whether or not appointments made by reason of an item in the estimates were in contravention of the Senate and House of Commons Act. That is the reason why section 6 has been inserted in the bill.

I should like to say that in adopting the expression "parliamentary secretary" the Government is following a thought first expressed on the subject by the Right Honourable Mackenzie King in 1935. The term "parliamentary secretary" is based on the British practice. It would be impossible to define the duties of parliamentary secretaries, and for this reason the bill provides generally that their duties will be to assist ministers in such a manner as they may direct. In my opinion these provisions are broad enough to govern the relationship of parliamentary secretaries with their ministers who, by delegating certain of their duties to parliamentary secretaries, will be relieved of many excessive burdens. It is generally understood and believed that cabinet ministers are overworked and that they need help in fulfilling their increasing obligations. In the past, ministers who were particularly heavily burdened have made great use of their parliamentary assistants. This system has been of immense help in expediting the business of Parliament.

Honourable senators, this system has the added advantage of providing those who secure positions as parliamentary secretaries with an excellent opportunity for gaining experience in governmental matters, and perhaps fitting them for ministerial appointments later on.

In proposing that the appointments be for a period of twelve months it is not intended to introduce a system of rotation, for that would be contrary to the general purpose of these appointments.

Parliamentary assistants will not be obliged to remain in Ottawa for the entire year. Whether or not they came to work in their departments between sessions would depend upon instructions they received from their respective ministers.

The bill provides for the reimbursement of travelling and other expenses made by parliamentary secretaries in the performance and

discharge of their duties. Thus, if a parliamentary secretary incurred expense in the discharge of his responsibilities in travelling away from Ottawa during a session he would be reimbursed. Also, if a parliamentary secretary were called away from his ordinary place of business between sessions or when Parliament was not in session, the expenses which he incurred in the discharge of his duty would also be paid to him.

It is not intended that parliamentary secretaries shall be given the status of junior ministers; that is quite clear.

In my opinion, honourable senators, a bill of this kind should be supported, because it provides for establishment of a system which has been found to be of great value in the Parliament of the United Kingdom and also in our Canadian Parliament, by relieving cabinet ministers of many onerous burdens and thus contributing to the more efficient carrying on of the public business.

Honourable senators, that is a brief explanation of what the bill provides.

Before I sit down, I think I should say that in Britain there have been parliamentary assistants, called secretaries, for many years.

Hon. Mr. Roebuck: Are they not called under secretaries?

Hon. Mr. Aseltine: Perhaps they are called under secretaries. They are persons connected with the ministry. Each of the under secretaries, if that is the correct term, is selected by the Prime Minister in consultation with the minister concerned. Usually they are members of the House of Commons, and their duties have always been to assist their respective ministers and work under their direction.

In Canada, during the First World War, in 1916, by an order in council under the War Measures Act, provision was made for appointment of parliamentary secretaries for the duration of the war only.

Hon. Mr. Crerar: How many?

Hon. Mr. Aseltine: Only one was appointed, and he was assigned to the minister in charge of the Department of Militia and Defence. I could give the honourable senator the name, if he wants it, but probably he knows it better than I do.

Hon. Mr. Crerar: I know it.

Hon. Mr. Macdonald: Why can we not have it?

Hon. Mr. Aseltine: Well, I was not exactly expecting to—

Hon. Mr. Macdonald: All right, I do not insist.

Hon. Mr. Aseltine: However, I think I have it here.

Hon. Mr. Macdonald: I do not insist.

Hon. Mr. Aseltine: I will give it to you. Mr. McCurdy was appointed parliamentary secretary for the Department of Militia and Defence, but he resigned later on and was succeeded by Colonel Hugh Clarke, Member of Parliament for Bruce.

Hon. Mr. Quinn: He is still living, and he is in his nineties.

Hon. Mr. Macdonald: He is a very fine gentleman, and I know it.

Hon. Mr. Lambert: Hear, hear.

Hon. Mr. Haig: He can tell a good story, too!

Hon. Mr. Aseltine: Colonel Clarke, in turn, was succeeded by Mr. F. H. Keefer, M.P. This was in 1916, and was no doubt a result of a report made in 1912 with respect to the organization of public services, which report recommended that ministers of the Crown be given help of this kind. Then in 1919 the Senate set up a special committee on the machinery of Government, and made a similar recommendation. In 1936 the Right Honourable Mackenzie King, then Prime Minister, announced in the Speech from the Throne of that year that parliamentary secretaries would be provided. However, no steps were taken to this end until 1943, during World War II, when the work of the various ministers of the Crown became very heavy. But no Act of Parliament was passed; there was merely an item placed in the estimates providing for appointment of these men who were then called parliamentary assistants. After the election of 1957 the Government of the day did the same thing, and several parliamentary assistants were appointed, but none have been appointed since the election of March 31, 1958. In order to make sure that such appointments, if and when made in future, will not in any way contravene the Senate and House of Commons Act, this bill has been brought in, and I feel sure that it will receive the unanimous approval of the honourable members of this chamber.

Hon. David A. Croll: Honourable senators, I want to say that, as far as I am concerned, I support the principle of this bill in full. I adopt the words that the honourable leader (Hon. Mr. Aseltine) has expressed to the house.

I am reminded, after watching the House of Commons operate, that they ought to be given all the assistance they ask for as quickly as possible. It can only improve the situation. I am glad that the honourable gentleman finished his speech by telling us

that Mackenzie King brought the parliamentary assistants on the scene. We recognize them today under the name of parliamentary secretaries, but nevertheless they are the same people.

The only criticism I have to make is that there was neglect on the part of the present Government in not appointing parliamentary secretaries at a much earlier date. There are a great number of capable, anxious and ambitious young men sitting around with nothing to do, waiting for these appointments —men who deserve them—and the Government of the country has been deprived of their services for some length of time. As to the cost, I will have something to say about that in a few minutes. My point at the moment is that these appointments ought to have been made much sooner.

The young men—and perhaps some who merely feel young—who accept appointment as parliamentary secretaries devote their services all year round, and as such they are assigned many tasks. They are very much underpaid. A parliamentary secretary cannot do a competent job if when the house is not in session he is in Vancouver looking after his constituency or if he is in Halifax looking after his constituency. He has to be in Ottawa.

Hon. Mr. Aseltine: The year round?

Hon. Mr. Croll: Yes. The most effective ones that we had were the ones who stayed here the year round and continued to do their job. Some departments need them very badly, and $4,000 a year is a much too inadequate sum to pay them.

I know there are limitations in this house. If it were possible under the rules for me to move an amendment to increase their increment I would have done so. It is possible for me to move an amendment to decrease, but I do not intend to do that.

And while we are speaking about appointments, I think something needs to be said about how underpaid the members in the other place are. That house has been fortunate, on all political sides, in having young men come there as members without realizing for a moment what was in store for them in a pecuniary way. I know it will be said they are over 21 and they knew what they were getting into. They did not know that, any more than I did when I first got in.

Hon. Mr. Aseltine: How old were you, senator?

Hon. Mr. Croll: I was 29. These young men dreamed of being fortunate enough or able enough to be elected to the House of Commons. They did not plan their lives out, and then they found themselves in some difficulties, as many of us in that house found ourselves from time to time. I know from talking to them that many of them find it impossible to discharge their parliamentary duties and at the same time maintain their normal family life without going heavily into debt. A great number of our young men in the other house will soon have to reconsider their position and their loyalties. They are going to have to ask themselves, "Does my family or my country and my party come first?" I am not so sure what the answer will be.

I think the time has come for the members of the House of Commons to be paid a decent salary. In fact, I think they ought to be paid what they are worth, and I consider they are worth a great deal more than they are getting. I talk from some knowledge and some experience. I think this country is on the cheap with Parliament.

I am not suggesting that they raid the treasury, nor that they dip their elbows into the public trough, but I am appealing to the country to give these people fair play.

You can appreciate that members of that house feel uncomfortable when speaking about remuneration. Well, I am speaking of their needs with some knowledge and some concern, but without any discomfort. Those members are both underpaid and underestimated, and some of the underestimation results from their being underpaid. I think Canadians expect too much sacrifice from their public men, particularly from the young men who enter public life. Government is manifestly complex; and the people, who demand so much from their representatives, should lessen the burden upon the shoulders of public men by giving them better compensation. I realize this country is faced with many problems, but the underpayment of members of Parliament should be added to those problems. This problem begs a solution.

Recently a royal commission in Australia, composed of competent people, recommended remuneration for members of Parliament which will bring them to a point where they will receive $7,500 a year. The basis salary of the workingman in Australia is $33 a week, whereas the basic salary of the workingman in Canada is about double that. So, if you measure it on that basis our parliamentarians should be paid a minimum of $15,000 a year. In addition to that, the Australian member of Parliament has a pension provision for his widow and his dependents, something that is not available to members of Parliament here, although they have time and again said they were prepared to pay for it.

In the United States of America the first secretary to a senator, or the first secretary to a congressman, receives more money than does a member of Parliament in Canada. As for the pension provision for congressmen and senators in the United States, I can only describe it as affluent. Never did I know of a better pension provision than they make for their members in the United States. There are city councils in Canada that pay their members more than we pay members of Parliament, and there are provincial legislatures where members sit from six to eight weeks which pay their members more, with allowances, than we pay members of Parliament.

Hon. Mr. Pouliot: Would the honourable gentleman permit a question? When he speaks of members of Parliament he includes senators?

Hon. Mr. Aseltine: He is coming to that.

Hon. Mr. Croll: All of us are members of Parliament, I must say, but I was speaking about members of the House of Commons, and I placed particular emphasis upon the young people in that house. It was their grievance I was expressing. A great number of members of the House of Commons get along very well on what they are receiving, as do the members of the Senate, but there are many young people in the other place who are being badly handicapped and whose life plans and careers are being jeopardized, who find themselves giving public service without adequate compensation. Now, we have been talking for a long time in this country about attracting better men and women to Parliament. We have tried many formulas, without much success. I think the time has come when we should try one which could conceivably help, that of paying these people decent compensation and adequate allowances. If the country thinks it inadvisable to increase compensation to members of Parliament, then it should increase the present allowances.

I have a suggestion to make which I think can be helpful: there should first be an adequate basic allowance for all members of the house, and I think there should be an additional allowance for young members with young families. For want of a better name, I am suggesting there be "Parliamentary family allowances" for members with young children, who find themselves handicapped in their careers because of lack of adequate compensation for their public service.

I throw out that suggestion for discussion, and I hope it will be discussed in the country. It is a serious problem, and its solution is long overdue. I hope my suggestion will at least result in a debate. In any event, I have tried to bring the question out into the open, so that all can take a look at it and make up their own minds as to what should be done. One thing should not be done: the matter should not be ignored, because it is begging a solution, and this country will be the poorer if we don't do something about it. We will surely lose the services of some of our abler and keener young men in whom we have some investment, because they already have some experience in public life, and if conditions do not change they will not be able to continue serving.

Certainly, we cannot argue that taxes are already too high and that such a proposal as I make would cost too much money. Why, in some of these high-spending departments they waste more in two minutes than would pay an adequate allowance to these young members of Parliament, whose need is much greater than that of the departments of which I speak.

I suggest to this house that some expression of opinion on the question should be forthcoming; we in the Senate can do it much more easily than can members of the other house, because we take an objective view of the matter. That is my submission.

I, of course, support the bill. In principle I think it is very good, but, as I previously indicated, it should have been put into effect at an earlier date.

Hon. Thomas Reid: Honourable senators, with much of what the previous speaker has said I am not in very great accord. However, if I thought an increase in the salaries or allowances of members of the other house would bring about an increased attendance in that house, I would be perhaps more enthusiastic about it.

I speak as one of the few senators who have had experience as a parliamentary assistant. I was parliamentary assistant to three cabinet ministers, and I know something of the duties of that office, for I saw it from the inside, not from the outside.

When the question of the appointment of parliamentary assistants was introduced in the other house by the late Mackenzie King, who had become imbued with the idea while on a visit to the Old Country, I think he was afraid to call them under secretaries, as is done in Britain, for the reason that they might demand to be sworn in and taken into the cabinet.

I am going to predict that the proposal contained in this bill for appointment of parliamentary secretaries will just lead to confusion, and they will be of no particular help to the cabinet ministers. The ministers already have secretaries, both private and personal. When anyone visits Ottawa to see

a minister, he is usually told to see the minister's secretary. Therefore, I am suggesting that consideration should be given to the appointment of under secretaries who would be taken into the cabinet.

To be quite frank, one reason why cabinet ministers were not enthusiastic about taking their new assistants into the cabinet in the earlier days was that they were afraid the assistants might overshadow the ministers, or perhaps make better speeches. So it was decided that they should be called parliamentary assistants.

A great deal of a minister's time is taken up with meeting delegations. Now, if we really want to lighten the burden of the minister, here is a way in which it can be done. I can assure you that calling these persons parliamentary secretaries instead of parliamentary assistants will not mean they will do any more for the ministers—and, as I say, I speak from experience. But if these appointees were called under secretaries, and were under the control of the cabinet ministers, then any delegation coming to Ottawa could be referred to the appropriate under secretary, who would be able to take care of them, because he would be a member of the cabinet, and would in turn report to the minister. By this legislation we are not doing any more than changing the title to "secretaries".

Hon. Mr. Aseltine: Parliamentary secretaries.

Hon. Mr. Reid: I am rather intrigued by section 2(3) of the bill, which provides that parliamentary secretaries shall be appointed for a period not exceeding twelve months from the date of their appointment. This means, of course, that a secretary can be removed from office in a year. With the large Government majority in the other house, some members will be kept happy and contented, because they know that the secretaries are appointed for this short term, and perhaps at the end of the year some will be removed from office and new appointments made.

However, my contention is that the weakness of the whole thing is in the failure to appoint under secretaries. If we are going to follow the system in Great Britain, why not go all the way? If under secretaries were appointed they would relieve the ministers of many duties—and there are a great many duties of which a minister should be relieved. Of course, the parliamentary secretary will do such things as table returns in the house, but they are only returns prepared by another secretary and handed to him. My point is the only way the assistant to the minister can really become helpful is by being sworn in as an under secretary and becoming a member of the cabinet. If that were done, these men could remain in Ottawa twelve months of the year.

I am not offering my remarks by way of criticism, but, having been parliamentary assistant to three cabinet ministers, I think I know something about the duties these parliamentary secretaries will be called upon to do. I can tell you that my work as a parliamentary assistant never made me weary —and I worked hard at it—but I was glad to get the extra $4,000 per annum that went with the job.

Hon. Jean-François Pouliot: Honourable senators, when this matter was first brought up in the House of Commons, in 1940—

Hon. Mr. Aseltine: I read your speech.

Hon. Mr. Pouliot: My honourable friend will remember that I used the expression "caseous" or "cheese-like".

I did not know at all what a parliamentary secretary was, but I heard of a quite similar job that was given to an eminent gentleman who became a cabinet minister sometime later. I thought it was something which would give the appointees an opportunity while waiting until they could get something better and more important than the position of parliamentary secretary. I studied *Whitaker's Almanack,* which is a very good reference book, and I saw that in Britain, where the number of members of Parliament is about two and a half times as large as it is in Canada, there were 60 gentlemen who occupied, under different designations, the position of parliamentary secretary.

I still did not know what it was, and finally I ended up by contacting those who were to be appointed, and offered my deepest sympathy to their wives because it seemed unfortunate for them that their husbands would have to do so much work for the various departments.

My idea about it was that the parliamentary secretary would be in an unenviable position. He would have no authority. He would be a go-between between the cabinet minister and the department, and between the minister and the House of Commons, and naturally, the high-ups of the Civil Service—the bureaucrats—would give him the evil eye. I had a great deal of sympathy for those who were to become parliamentary secretaries, but my great surprise was in the selections that were made. Some members of the House of Commons are most gifted men, of eminence in their professions. The first appointee who comes to my mind is the late Cyrus Macmillan, who was my desk-

mate for some years. I have always been very fortunate in having remarkable desk-mates. We were good friends and they all helped me a lot by their good advice. Cyrus Macmillan had been for years Dean of the Faculty of Arts at McGill University, and, strangely enough, for a politician, he knew Shakespeare by heart and made no mistake in his quotations. He was a Privy Councillor. He had been appointed to the Privy Council in the elections of 1930.

Hon. Felix P. Quinn: He was never a member, was he?

Hon. Mr. Pouliot: He was my desk-mate when I sat in the House.

Hon. Mr. Quinn: In what year was he elected?

Hon. Mr. Pouliot: I was elected in 1921 and in 1924.

Hon. Mr. Quinn: When was he elected?

Hon. Mr. Pouliot: He was elected in 1940 and 1945. I am sure my honourable friend knew him well and had a high regard for him. I was surprised that he accepted the position of parliamentary assistant to one of the cabinet ministers, because he was qualified to be Deputy Prime Minister of Canada. In fact, he was selected for a most difficult function, that of being chairman of the committee to decide about social security and the like. He was very active as Parliamentary Assistant to the then Minister of National Defence for Air. He was most helpful. He was a most remarkable man, and he did not mind accepting the position of parliamentary assistant to a cabinet minister during the war. He was a veteran of the First War. He was an officer of the army, and he was pleased to accept the position, and he did exceptionally well in it. He was helpful to everybody, and all those who have family allowances and old age pensions can thank him, as well as Mackenzie King, because he was instrumental in having that legislation drafted.

Another Maritimer who was most helpful to me was an eminent member of the Nova Scotia Bar, the late W. C. Macdonald, Q.C., who was at Harvard with Cyrus Macmillan. Both were students at the same time.

Naturally, during the war I had to fight the brass hats, just as hard as the army fought the Germans, in order to protect the soldiers and the draftees. But I had friends in that group. One of them—I can name him now, because he is retired—was Colonel Henri DesRosiers who was the first to command Le Vingt-deuxième Régiment when they got into Germany at the time of the victory. The other one was W. C. Macdonald, who was the parliamentary assistant to the minister. When a draftee went to the medical board and was suffering from chronic appendicitis or a weak heart, or any other disability, I had to go to Mr. Macdonald and explain the case to him, because the brass hats that were on the examination board considered men not as men but as units, and sick men were sent into the army. I could rely on W. C. Macdonald to see that instructions were given for the men to pass another examination before a competent and reliable doctor. He thought, as I did, that the army was not a place for men who were not physically fit. They were then returned home, after having gone through an examination before doctors who were not rubber stamps to send them to the army.

It was done with a very high sense of duty by Mr. Macdonald, who would have honoured the bench if he had accepted a judicial position, but as a gallant gentleman he said, "I will continue to serve my country in Parliament", as did all the members of Parliament during the war, and they did it magnificently. He was a man who had a very high and true sense of justice. He has been dead for many years. A few honourable senators never met him, and that is their misfortune. But he was my friend. He was a kind-hearted man who would not do an injustice to anyone. Things were difficult for him, for he was surrounded by all sorts of people who did not agree with him. But I could rely on his fair play and his patriotism. Those are two gentlemen who were among the first parliamentary assistants.

Then there was another one, but he did not come from the Maritimes. He was a big man. A hard-working lawyer of prominence, he was a good speaker and a man of independence. I refer to Walter Tucker, who was Parliamentary Assistant to the Minister of Veterans Affairs.

I was honoured once by a message I received from a man in British Columbia. It came to me direct, over the head of the Legion and even over the head of the minister himself. It was from the first Canadian winner of the Victoria Cross in World War I. I will not mention his name, but I will repeat what he told me. He had been decorated by His Majesty King George V at Buckingham Palace for valour, as it is inscribed on the Victoria Cross, and he returned to Vancouver to the beating of drums. Nothing was too good for him. He was the toast of the town. But at the time he wrote to me he was so destitute that his wife had to use sackcloth to make his clothes, and he was not able to be properly dressed to accept an invitation to call on His Majesty King George VI and Queen Elizabeth, the present Queen Mother, when they came to Canada in 1939. When this war veteran wrote to me the only thing for me to do was

to see Walter Tucker and tell him of the plight of that unfortunate veteran. I said how terrible it was for this country to allow a great hero like that to suffer such shame and humiliation after he had brought glory to our army and to the name of Canada. Walter said, "Let's work it out together".

Hon. Mr. Quinn: Might I suggest to the honourable gentleman we are discussing parliamentary assistants?

The Hon. the Speaker: Mr. Tucker was a parliamentary assistant.

Hon. Mr. Pouliot: If the honourable gentleman will wait I will tell him much more than that. I was just starting, but I will adjourn the debate if—

Hon. Mr. Quinn: Go ahead and adjourn it.

Hon. Mr. Pouliot: I am speaking about what a parliamentary assistant, Walter Tucker, did for a winner of the Victoria Cross.

Hon. Mr. Quinn: Talk about this bill.

The Hon. the Speaker: The honourable senator from De la Durantaye (Hon. Mr. Pouliot) is in order.

Hon. Mr. Pouliot: If honourable senators wish, I will adjourn the debate. I have something more to say about it.

Some Hon. Senators: Go ahead.

The Hon. the Speaker: Proceed.

Hon. Mr. Pouliot: I am not telling about what I have done. I do not want any credit for that. I am telling the Senate of Canada about the accomplishments of the first private secretaries I knew. There were a few appointed before Mr. Macdonald. One was Lucien Pacaud, a protegé of Sir Wilfrid Laurier, and the son of the editor of the famous *L'Electeur* which later became *Le Soleil*. Another parliamentary assistant was John McCurdy.

I have spoken of those I have known and who at the request of a member of Parliament accomplished so much. It shows that men of prominence, great Canadians, did not refuse the position of parliamentary secretary during the war in order to serve the country to the best of their ability.

It is difficult to mention only a few names, for I should mention them all one after the other and tell of their accomplishments to the best of my knowledge. Perhaps they did much for other members and for other parts of the country as well. What I am recalling to honourable senators is history that is forgotten and never taught to our youth. People say, "Oh, there is to be a new position of parliamentary secretary, with an additional $4,000 income for every appointee. How lucky they are. The minister does the work and the department is there, and the position is just to satisfy their ambitions. It is a bone to a dog to satisfy his ambition." That is the impression of many people, but that is not the truth at all.

Now, to speak of others, there was George McIlraith who was Parliamentary Assistant to the biggest minister of the Canadian Government, Mr. Howe. What did he do for us? There was an airport to be built in my constituency. I went to see George McIlraith and he helped me to prepare everything up to the moment when Mr. Howe said—

Hon. Mr. Quinn: I don't know why we have to put up with this.

Hon. Mr. Pouliot: I am glad that I am awakening somebody, and if it is necessary I will speak even louder for those who do not understand what I am saying.

The Hon. the Speaker: I would ask the honourable senator not to digress too far. I have allowed some latitude and I would ask the honourable senator to be reasonable.

Hon. Mr. Pouliot: Thank you, Mr. Speaker. This involved a big airport and it was a technical matter. George McIlraith helped my constituency, and he was ready to help me wherever possible. This is my satisfaction. I had an opportunity to mention something about him in the House of Commons once, and I wish to pay him this tribute in the Senate of Canada.

And what about Maurice Bourget, who was Parliamentary Assistant to the Minister of Public Works? He rendered yeoman service not only to the Liberals but to the Conservatives as well. Today if he is one of the most popular members of the House of Commons it is because he was willing to give heed to all members, without any political deference.

Then what about Leo Langlois, who was Parliamentary Assistant first to the Postmaster General, and afterward to the Minister of Transport? He helped me to establish rural routes, to iron out the difficulties that occur, as they always do, in a large constituency.

I could mention many others.

Hon. Mr. Horner: May I ask a question? Has the airport ever been used to the extent of the purpose for which it was built?

Hon. Mr. Pouliot: I am very glad to answer my honourable colleague. The plans were made and everything was ready to have the airport built, but some of my constituents wanted to have it somewhere else. I have never understood why, but the work was done, everything was ready to be done, and

now a much smaller airport is to be built, but if they had accepted the offer made by Mr. Howe the county would have had the airport twelve years ago. Well, that is unfortunate, but I take it casually and with a smile—just as good a smile as that of my honourable colleague from Blaine Lake (Hon. Mr. Horner).

One thing that astounded me was the manner in which parliamentary assistants could replace ministers in the house. They were given the opportunity to attend meetings of the cabinet, and they would explain the policy of the Government to the satisfaction of the members of the house—the members of the Opposition as well as the supporters of the Government. I could name many of those parliamentary assistants. I must say that all the Parliamentary Assistants to the Minister of Finance, from Jean Lesage to Mr. Benidickson, did their work exceptionally well in the House of Commons. I remember also that Mr. Chevrier, before he became a member of the cabinet, was the very brilliant Parliamentary Assistant to Mr. Howe, and that the Honourable Paul Martin, who made his name as the well-known Minister of National Health and Public Welfare, was also well accepted as Parliamentary Assistant to some of the cabinet ministers before becoming a cabinet minister himself.

It has been said that every private can become a marshal of the army. It would be wrong to put all the parliamentary assistants under the impression that it is a certainty that sooner or later they will be in the cabinet. It would not be fair, because the number of vacancies in the cabinet makes that impossible. On the other hand, I can tell my honourable colleagues that of all the parliamentary assistants I knew while I was a member of the House of Commons, none of them was not of cabinet timber.

The Prime Minister has a very difficult decision to make, on account of the large number of his supporters. He has the embarrassment of choice. He cannot please everyone, and he showed courage in sponsoring this bill. I hope he will make the best selections and that those appointed will do as well as did those who were my colleagues in the House of Commons. Some years ago, when an appointment to the Senate was being made, the Prime Minister of the time said to the appointee that those who would not be satisfied with his appointment would be those who wanted the job for themselves. History may repeat itself.

Hon. A. K. Hugessen: Honourable senators, this bill has already given rise to some interesting discussion in this house, and I am sure the discussion will continue. That of course is a good thing, because this is a bill dealing with the efficiency of one of the branches of Parliament, and is a matter which should obviously interest those of us who are concerned with the proper working of our parliamentary institutions. I do not think any of us could take any great objection to the bill now before us. My only comment on it is that I do not think it goes quite far enough. The provisions of the bill in regard to this new office of parliamentary secretary do not seem to give sufficient importance to that position. For one thing, if the appointees are to be really worth-while assistants to the Government of the country, I fully agree with the honourable senator from Toronto-Spadina (Hon. Mr. Croll) that the proposed salary is not sufficient.

Then I am a little disturbed by the provision in section 3 of the bill that:

> The parliamentary secretary to a minister shall assist the minister in such manner as the minister directs.

That is putting the parliamentary secretary in rather a minor position and subject to whatever the particular minister may happen to decide that he wants his parliamentary secretary to do. I am rather reminded of that verse in Gilbert and Sullivan's *The Gondoliers* where the pair of kings sing about their duties, and one of the duties which they perform they describe like this:

> We run on little errands for the ministers of state.

That seems to me to be the sort of thing that is contemplated in section 3 of the bill.

The third thing I would mention is the provision that:

> A parliamentary secretary shall be appointed to hold office for a period not exceeding twelve months—

I took note of the statement made by the honourable Leader of the Government (Hon. Mr. Aseltine) that it was not intended to have these positions as a sort of rotating offices to be held twelve months by one man, who would then be suceeded by another, but the bill does rather give the impression that that may be done. I think if you are going to have men who are really to take their position seriously as assistants to ministers in important departments that you should emphasize the importance of their office a little more than is being done in this measure.

The Leader of the Government stated that in appointing parliamentary secretaries we shall be following the precedent set by the British Parliament. Well, that is only so in a very limited degree. In fact, it is only so in relation to the title, because in Great Britain a parliamentary secretary occupies a completely different position from the position which such a person will occupy under this bill. There parliamentary secretaries—or,

as some of them are called, under-secretaries of state—are members of the administration, though not members of the cabinet. The members of the cabinet, I understand, are limited to 17, but the under secretaries are members of the administration, members of the Government, and hold office as long as the Government holds office, unless of course they should resign in the interval. There is no twelve months business about that. Furthermore, they are in receipt of a substantial salary, which I think is £2,500, in addition to their salary as members of Parliament. Also, their position is much more important, much more clearly defined and much more responsible than the position which parliamentary secretaries will hold under the bill before us.

I do not object to this bill. I think it is a step in the right direction, but I do suggest to the house that, when we come to consider this matter in the long range, what we should do—and it really would be a more satisfactory solution—is to approximate a good deal more closely to the British precedent than this bill does. I would suggest that the proper step would be, not to say that there shall be not more than 16 parliamentary secretaries and to leave completely unspecified the ministers to whom they are to be parliamentary secretaries, but that each of the various departments where the work of the minister is extremely onerous and known to be so should have a parliamentary assistant—or parliamentary secretary, if you like—designated in the legislation. For instance, I would suggest that a parliamentary secretary should hold office as assistant to the Minister of Finance. Likewise, there should be a parliamentary secretary to the Minister of Agriculture, the Minister of External Affairs and the Minister of Defence. The Prime Minister himself obviously needs a parliamentary secretary, and so probably does the Minister of Trade and Commerce and the Minister of Transport. I would make those permanent offices of the administration, and when a Government comes into power I would appoint parliamentary assistants to those ministers, to hold office as assistants to the ministers during the life of that Parliament. And I would provide for substantial salaries for those individuals.

I think under that system you would have much more competent and much more responsible secretaries than you would have under this proposed legislation. If this bill passes, a man may be asked to hold a position as parliamentary secretary to any minister whatever for a period of twelve months and then be let out.

Hon. Mr. Dupuis: May I ask the honourable gentleman a question? Under the system he suggests, that is the system in operation in the British Parliament, what would happen to a parliamentary assistant if the minister changes?

Hon. Mr. Hugessen: In Britain they are members of the administration and they are members of Parliament. The great majority, of course, are members of the House of Commons, but two or three are members of the House of Lords.

Hon. Mr. Dupuis: But if the British system were adopted here what would happen to a parliamentary secretary if his minister is defeated?

Hon. Mr. Hugessen: If he is defeated he has to resign office.

Hon. Mr. Dupuis: So if at the next general election a minister is not re-elected, the position of his parliamentary secretary would be abolished?

Hon. Mr. Hugessen: Of course not.

Hon. Gunnar S. Thorvaldson: Honourable senators, I wish to make just one or two observations on this bill, and part of my reason for so doing is that no one from this side of the house has spoken on it except our leader (Hon. Mr. Aseltine), who introduced the bill.

I am very much in agreement with practically everything that the honourable senator from Inkerman (Hon. Mr. Hugessen) has said in regard to this bill. In particular I, for one, am quite unhappy about clause 3, which reads:

> The parliamentary secretary to a minister shall assist the minister in such manner as the minister directs.

Now, it seems to me that this clause puts the parliamentary secretary in a very inferior position.

Hon. Mr. Hugessen: Hear, hear.

Hon. Mr. Thorvaldson: He becomes merely the servant of the minister and does as the minister directs. What I am wondering is—and indeed it is because of this that I rise to say anything about the bill—whether this point was brought up in the other place. I wonder if anyone thought of it or whether it was debated there. If it was, then I regret very much that I have not read the debate in the other house on that point. I would certainly be more in favour of this bill if an attempt were made to define with some exactness the duties of parliamentary secretaries.

Hon. Mr. Aseltine: That question was debated in the other place.

Hon. Mr. Thorvaldson: Further, I would much prefer if the term of office were not limited to one year. To me, that in itself

puts the parliamentary secretary in a somewhat invidious and unfortunate position.

However, honourable senators, I do not want to suggest any amendment; nor do I wish to suggest that this bill be referred to a committee of the Senate, for the reason that it pertains largely to the other place. I did, however, wish to make these few remarks, because I am not in full accord with the bill in its present form.

Hon. Mr. Macdonald: Honourable senators, a number of senators who have of necessity left the chamber in order to attend another meeting at this time told me they wished to speak on this bill. Under the circumstances, I would move adjournment of the debate.

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

ATLANTIC PORTS

RESOLUTION URGING GREATER DEGREE OF USE

On the order for resuming the adjourned debate on the motion of Hon. Mr. Isnor:

That it is expedient that the Government, through the Department of Transport, or any other agency or means, bring about a greater degree of use of the Atlantic ports.

With this in mind it is urged that "open" and "closed" periods be agreed upon, and that the ports of the St. Lawrence be considered "closed" ports from November 15 until April 15, and "open" ports as from April 16 to November 14 of each and every year until such times as this arrangement is revoked.—Hon. Mr. Connolly (Halifax North).

Hon. Mr. Connolly (Halifax North): Honourable senators, I had hoped to be able to make my little contribution on this resolution this afternoon, but in view of the rolling tide of oratory I recognize the futility of attempting to raise my feeble voice—a tide of oratory in fact so great that it even stopped the Senate clock, which only recently has been repaired. Therefore, I suggest that the order stand.

The Hon. the Speaker: The order stands.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 215 to 242, which were presented yesterday.

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

Motion agreed to.

BILLS—SECOND READINGS

Hon. Mr. Roebuck moved the second reading of the following bills:

Bill SD-191, an Act for the relief of Emilia Mildora Kavalas Chesna.

Bill SD-192, an Act for the relief of Clarice-Mae Barraclough King.

Bill SD-193, an Act for the relief of Margherita Elaina Milano Di Pietro.

Bill SD-194, an Act for the relief of Lucille Gagne Labonte.

Bill SD-195, an Act for the relief of Jean Louis Mathieu.

Bill SD-196, an Act for the relief of Llui-Amoy Wheatley Fraser.

Bill SD-197, an Act for the relief of Phyllis Pamela Allen Ashburner-Collins.

Bill SD-198, an Act for the relief of Albert Reginald Bissonnette.

Bill SD-199, an Act for the relief of Alexander Abraham Hendy.

Bill SD-200, an Act for the relief of Winifred Martin Collier.

Bill SD-201, an Act for the relief of Jeannine Aimie Alice Mercier Mahaut.

Bill SD-202, an Act for the relief of Claude Desroches.

Bill SD-203, an Act for the relief of Mildred May Eunice Charron Roblee.

Bill SD-204, an Act for the relief of Pierre Joseph Gabriel Sorba.

Bill SD-205, an Act for the relief of Gaston Vadnais.

Motion agreed to and bills read second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, April 30, 1959

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

Prayers.

INDIAN AFFAIRS

MESSAGE FROM COMMONS PROPOSING APPOINTMENT OF JOINT COMMITTEE

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that a message has been received from the House of Commons in the following words:

That a Joint Committee of the Senate and House of Commons be appointed to examine and consider the Indian Act, chapter 149, R.S.C., 1952, and amendments thereto, and to suggest such amendments as they may deem advisable, with authority to investigate and report upon Indian administration in general and, in particular, on the social and economic status of the Indians;

That twenty-four members of the House of Commons, to be designated at a later date, act on behalf of the House as members of the said committee, and that Standing Order 67(1) of the House of Commons be suspended in relation thereto;

That the said committee have power to call for persons, papers and records and examine witnesses under oath; to sit while the house is sitting, and to report from time to time; and to print such papers and evidence from day to day as may be ordered by the committee and that Standing Order 66 be suspended in relation thereto;

And that a message be sent to the Senate requesting that house to unite with this house for the above purpose, and to select, if the Senate deems advisable some of its members to act on the proposed joint committee.

Honourable senators, when shall this message be taken into consideration?

Hon. W. M. Aseltine: With leave of the Senate, I move that the message be taken into consideration now.

Hon. W. Ross Macdonald: Honourable senators, I am not prepared to consider the matter at the present moment. I think the proper procedure would be for the Leader of the Government (Hon. Mr. Aseltine) to give notice of a similar motion.

Hon. Mr. Aseltine: I intended to do so as as soon as this message was taken into consideration, but I am in the hands of the house.

Motion agreed to.

NOTICE OF MOTION

Hon. Mr. Aseltine: Honourable senators, I now wish to give notice of a motion for next Tuesday night, as follows:

That the Senate do unite with the House of Commons in the appointment of a Joint Committee of both Houses of Parliament to examine and consider the Indian Act, Chapter 149, R.S.C., 1952, and amendments thereto, and to suggest such amendments as they may deem advisable, with authority to investigate and report upon Indian administration in general and, in particular, on the social and economic status of the Indians;

That the following Senators be appointed to act on behalf of the Senate on the said Joint Committee, namely, the Honourable Senators Boucher, Crerar, Croll, Dupuis, Fergusson, Gladstone, Horner, MacDonald, Méthot, Reid, Stambaugh and White;

That the said committee have power to call for persons, papers and records and examine witnesses under oath; to sit during sittings and adjournments of the Senate, and to report from time to time; and to print such papers and evidence from day to day as may be ordered by the committee.

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

DOCUMENT TABLED

Hon. Mr. Aseltine: Honourable senators, I table the following document:

The Canada Gazette, Part II, Consolidated Index and Table of Amendments to the Statutory Orders and Regulations for the period January 1, 1955, to March 31, 1959, pursuant to section 7 of the Regulations Act, Chapter 235, R.S. 1952. (English and French texts).

CANADA-UNITED STATES INTERPARLIAMENTARY GROUP

REPORT ON ORGANIZATION MEETING TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table a report, signed by the Honourable Mr. Michener, Speaker of the other place, and myself, reporting on the organization of the Canada-United States Interparliamentary Group, held in Washington, January 9 and 10 last. I have only the English version, but on Tuesday I shall be able to table the French version.

Hon. Mr. Macdonald: May I ask, Mr. Speaker, is it your intention that the report be incorporated in the records of this house?

The Hon. the Speaker: I think that should be done, if the Senate concurs.

Hon. Senators: Agreed.

Hon. Mr. Aseltine: Honourable senators, I move that the Report of the Organization Meeting of the Canada-United States Interparliamentary Group be printed as an appendix to today's *Debates* and *Minutes of the Proceedings.*

Hon. Mr. Macdonald: I second the motion.

Motion agreed to.

For text of report, see appendix to today's Hansard, *pp. 544-60.*

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 234 to 255, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, with leave of the Senate, I move that when the Senate adjourns today it stand adjourned until Tuesday next, May 5, 1959, at 8 o'clock in the evening.

Motion agreed to.

EDUCATION

INQUIRY STANDS

On the notice of inquiry by Hon. Mr. Wall:

1. What has been the total contribution of the federal Government to all forms of education in Canada during the fiscal year ending March 31, 1959? It is requested that these expenditures be listed under the following headings:

—University grants, on a *per capita* basis
—Veterans Assistance
(a) University
(b) Vocational
—Atomic Energy Research grants
—National Research Council
(a) Research grants
(b) Scholarships, bursaries, assistantships
(c) Special activities
(d) Travel assistance
—Fisheries Department
(a) Research Board scholarships and grants
(b) Extension work on Co-operatives
—External Affairs:
fellowships and scholarships overseas
—Labour Department
(a) Vocational training
(b) Frontier College
—Mines and Technical Surveys
(a) Grants in aid of Geological research
(b) Grants—University of British Columbia—in aid of research in foreign geography
—National Health and Welfare Department
(a) Health facilities—Training grants
(b) Schools of social work
(c) Development of training facilities, bursaries and refresher courses
—Contributions to education by other Crown corporations
(a) Central Mortgage and Housing
(b) Others
—Transport Department
(a) Grants to schools of navigation and seamanship
(b) Contribution toward operation of marine engineering schools
—Contributions to Education of Indians and Eskimos
(a) Indians
(b) Eskimos
—Additional contributions to education by federal Government departments or agencies not listed above

2. What are the estimated total contributions of the federal Government to all forms of education in Canada for the fiscal year ending March 31, 1960, under categories given in Question 1?

Hon. Mr. Wall: Honourable senators, I am given to understand that there is difficulty in getting complete answers to my inquiry, but that it will be possible to have them early in June. With permission of the Senate, I would ask that this inquiry stand until Tuesday, June 2.

Hon. Mr. Aseltine: Agreed.

The Hon. the Speaker: Inquiry stands.

DIVORCE

BILLS—THIRD READINGS

Hon. Mr. Roebuck moved the third reading of the following bills:

Bill SD-191, an Act for the relief of Emilia Mildora Kavalas Chesna.

Bill SD-192, an Act for the relief of Clarice-Mae Barraclough King.

Bill SD-193, an Act for the relief of Margherita Elaina Milano Di Pietro.

Bill SD-194, an Act for the relief of Lucille Gagne Labonte.

Bill SD-195, an Act for the relief of Jean Louis Mathieu.

Bill SD-196, an Act for the relief of Llui-Amoy Wheatley Fraser.

Bill SD-197, an Act for the relief of Phyllis Pamela Allen Ashburner-Collins.

Bill SD-198, an Act for the relief of Albert Reginald Bissonnette.

Bill SD-199, an Act for the relief of Alexander Abraham Hendy.

Bill SD-200, an Act for the relief of Winifred Martin Collier.

Bill SD-201, an Act for the relief of Jeannine Aimie Alice Mercier Mahaut.

Bill SD-202, an Act for the relief of Claude Desroches.

Bill SD-203, an Act for the relief of Mildred May Eunice Charron Roblee.

Bill SD-204, an Act for the relief of Pierre Joseph Gabriel Sorba.

Bill SD-205, an Act for the relief of Gaston Vadnais.

Motion agreed to and bills read third time and passed, on division.

ATLANTIC PORTS

RESOLUTION URGING GREATER DEGREE OF USE—DEBATE CONTINUED

The Senate resumed from Thursday, April 23, the adjourned debate on the resolution of Hon. Mr. Isnor:

Resolved: That it is expedient that the Government, through the Department of Transport, or any other agency or means, bring about a greater degree of use of the Atlantic ports.

With this in mind it is urged that "open" and "closed" periods be agreed upon, and that the ports of the St. Lawrence be considered "closed" ports from November 15 until April 15, and "open" ports as from April 16 to November 14 of each and every year until such times as this arrangement is revoked.

Hon. Harold Connolly: Honourable senators, my contribution to this debate will be brief, for a variety of reasons, the principal one being that I do not wish to delay unduly the speech of the honourable junior senator from Winnipeg (Hon. Mr. Wall) on another matter, which speech he courteously postponed, with your permission, until later today in order that I might speak at this time.

I am in the same frame of mind as was the honourable Leader of the Government (Hon. Mr. Aseltine) when, speaking a few days ago on the so-called inflation motion, he said that he would prefer to be some place else. He had reference, of course, to the National Hockey League playoffs, and well he might, for in his day—and I say this with all graciousness—he was a luminary of the ice lanes. He was, in fact, known as the human corkscrew, and I don't suppose any more apt compliment could have been paid to his prowess. There is evidence to support the thinking and the belief that had he decided to cast his lot with the sports world rather than with the world of law, finance and Parliament, he might have been one of the immortals of Canadian hockey.

Well, I can claim no such great prowess. My reason for preferring to be some place else differs from his, mine being that I consider it unfortunate that any citizen of Canada should have to debate a resolution which appears to ask a body of this kind to take something away from one section of the country and give it to another. The resolution itself, as was so ably explained by its sponsor (Hon. Mr. Isnor) the other day, is not really a fantastic resolution. It is, in fact, quite a simple one, containing only two paragraphs. Surely no one can argue with the first paragraph, because all it says is this:

That it is expedient that the Government, through the Department of Transport, or any other agency or means, bring about a greater degree of use of the Atlantic ports.

I am sure there is not a Canadian in this chamber or across the broad upper half of this continent who can disagree with the language of the first paragraph of the resolution. So I conclude that up to now the sponsor has won a 50 per cent victory. But when we pass to the second paragraph we run into a little difficulty. I may say very frankly, at the outset, I have no high hopes that this great body of legislators will accept the resolution as it now stands. Indeed, were it not for the political immunity which my place in this chamber guarantees, I should be almost fearful of prosecution for restraint of trade.

Honourable senators, this resolution has to do basically and fundamentally with the economy of that part of the country in which the honourable gentleman who proposed it resides, as do myself and others here. Before getting to the subject-matter of my brief discourse I should like to say that in all my adult years—and I say this because it ought to be said publicly in an arena of this kind—the Halifax City and County constituency was never more diligently or more ably represented than it was by the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor), who proposed this resolution. He has had extensive experience both in the provincial and in the federal arenas. He has had judicious experience in the realm of human relations, in business and finance, and you may well assume that, knowledgeable as he is, he would not have introduced a resolution of this kind unless he was satisfied beyond any doubt that the economy of our section of Canada, known as the Atlantic provinces, requires something out of the ordinary and away from the orthodox.

Yesterday the honourable senator from Shelburne (Hon. Mr. Robertson) in his very able presentation, which was listened to so avidly by those of us who were here, made a very significant point which fits into this resolution. Discussing inflation, he said, in passing, that he would hesitate very much to argue against defence expenditures, which are largely responsible for inflation, because of the effect which their discontinuance would have upon his native province of Nova Scotia. He uttered no greater truism throughout the course of his remarks. Let me say that in the city of Halifax, the capital of Nova Scotia, upon which rural Nova Scotia largely depends, there are two great factors in our economy: first, defence expenditures, that is, actual expenditures for supplies and defence purposes; and secondly, the port of Halifax. If by some mischance the revenues of the port of Halifax should seriously deteriorate, and if in association with that situation we should reach an era of normalcy under which defence expenditures were drastically cut, I say to you, with every bit of seriousness and vehemence that I can summon up, that Halifax and Nova Scotia would be in a pitiful condition. I ask honourable senators to believe me when I say that I do not exaggerate by one iota the statement I have just made.

That, then, is the reason for the suggestion put forward by the proposer of this resolution that certain definite limits should be placed

upon the annual period of operations of the port of Montreal. He also said that none of us wants to protest against any worth-while thing that comes to any other section of Canada so long as it does not too seriously jeopardize the economic position of our own section. That, I feel, is the view of every right-thinking Canadian, from the Atlantic provinces to the far western province of British Columbia.

If any demonstration is needed of recognition in high places in this country of the serious economic plight in which the Atlantic provinces find themselves, may I refer to the printed proceedings of the Dominion-Provincial conference held in November 1957. I will quote very briefly from statements by two gentlemen whom I consider to be experts in this matter, and who have no object but to present the facts. The first gentleman, the Prime Minister of Canada, Mr. Diefenbaker, in his opening remarks said, as reported at page 12 of the proceedings:

> I believe that we all recognize, however, that the Atlantic provinces as a group are confronted with greater difficulties in public finance than the rest of the nation, if they are to maintain the sort of provincial and municipal services that Canadians generally expect. The taxable capacity of the Atlantic provinces, even in the best of times, is significantly lower than that of the other provinces.

The second gentleman I should like to quote, who is equally estimable in his own field, and a Nova Scotian—as many of us are before we are anything else—is the Premier of Nova Scotia, Mr. Stanfield. He made a very significant contribution in his remarks on the occasion to which I refer. He had been discussing Confederation, not in any nauseous sense, nor in a sense of opposition, but judicially and academically, leading up to the point which he desired to make. That is the point I wish to call to your attention. In dealing with subsidies to the provinces, he said, as reported at page 30:

> I suggest that no formula can properly compensate for the disparity in natural resources, concentration of industry and the distance from markets. I am convinced that no formula of general application can give a realistic recognition to the financial problems of the various provinces of Canada.

Honourable senators, I am basing my presentation entirely upon sympathetic grounds, for, as I said at the beginning of my remarks, I have very little hope that this chamber will accept the resolution as it now stands. So in that vein let me say that I have in my hand a clipping from the Montreal *Gazette* of Tuesday, April 28. It shows a scene in Bedford Basin, which is at the northern end of Halifax harbour. Lying at anchor in that harbour are 70 or 80 ships. The picture was taken during wartime, when those of us who lived in Halifax and in Nova Scotia saw as many as 90 ships in a convoy hastening from this New World to the rescue of the Old World. We in Nova Scotia and the people of all the Atlantic provinces will celebrate on this coming Sunday, May 3, what is known as the Battle of the Atlantic. And well we might, because, had that battle not been fought and won, no one can say what the result of the war might have been.

May I also remind honourable senators that Halifax is the only city in Canada which has had actual participation in war, which has seen war in all its grim reality, and whose citizens themselves paid toll by the several thousands as a result of World War I. In 1945, as World War II was coming to a close, Halifax almost suffered the same fate as it did from World War I. It was upon those shores that there drifted the broken, burning hulls of allied ships, and even worse, the broken, decomposed bodies of the Allied dead. We have had a ringside seat in Canadian wars, and that ought never to be forgotten, I say in all modesty, by the rest of the people of Canada. I regret, therefore, that the great Atlantic port of Halifax, indispensable in war, should be so expendable in peace.

Honourable senators, time wears on, and I owe a debt for your courtesy in allowing me to proceed at this time. I shall therefore conclude with what I had intended to say at first. If this chamber in its wisdom decides that it cannot accept the resolution sponsored by the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor), then I should like to submit an alternative proposal. Having regard to the fact that we have already involved ourselves in a study of the threat of inflation, let me propose to this house—and more particularly to the honourable Leader of the Government (Hon. Mr. Aseltine)—that without loss of time a select committee of the Senate engage in a continuing study to determine the impact of the St. Lawrence Seaway upon the Atlantic ports, so that before the shoe pinches too tightly there may be forthcoming from that committee proposals and suggestions which will help an already overburdened people and enable them to see the sun more clearly—I refer to the economic sun—than they have been able to see it thus far.

Let us not permit things to drift until we find ourselves confronted one day with a dreadful realization that the Atlantic region has been struck another blow, perhaps a death blow. Let us think in terms of elevating the economy, so that when our young

people graduate from the universities of Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland they will not have to leave their native heaths and seek occupations in some other section of Canada or elsewhere throughout the world in order to do justice to their academic background.

And so, honourable senators, with that in mind, I leave you a thought, perhaps even a warning, in the words of the poet-philosopher who said:

> The Moving Finger writes; and, having writ,
> Moves on: nor all your piety nor wit
> Shall lure it back to cancel half a line,
> Nor all your tears wash out a word of it.

On motion of Hon. Mr. Beaubien, debate adjourned.

NORTH ATLANTIC TREATY ORGANIZATION

EXTERNAL RELATIONS COMMITTEE AUTHORIZED TO REVIEW NATO ACTIVITIES

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Thorvaldson:

> That the Standing Committee on External Relations be authorized to review the activities of the North Atlantic Treaty Organization in so far as the interests of Canada therein are concerned.
>
> That the said committee have power to send for persons, papers and records.

Hon. William M. Wall: Honourable senators, the purpose of this resolution is to authorize the Standing Committee on External Affairs to review the activities of a working alliance of 15 free Western democratic nations, an association whose role as a very powerful defender and guardian of the free world must continue to be studied, understood, assessed, appreciated and strengthened.

There have been NATO collaboration and co-operation mainly in common defence, and in political problems, and to a lesser degree in economic, social and cultural matters; and this co-operation has contributed significantly to the composite democratic strength of western Europe, a development of import as we move into the sphere of forthcoming negotiations with those whom we have some justification to regard as potential aggressors.

I welcome this motion, because I believe that the Senate can render an important public service through the instrumentality of this review, which, I hope, will deal both with NATO accomplishments and with its problem areas, so that we may be helped better to understand what has been done and what remains to be done more effectively.

Thanks to the honourable senator from Ottawa West (Hon. Mr. Connolly), the honourable senator from Shelburne (Hon. Mr. Robertson) and the other honourable senators who have participated both in the resolution on the economic developments in western Europe and now in this one, I believe we are all alerted to the dangers of the potential U.S.S.R. economic offensive, an offensive that is becoming visible now; and if honourable senators read, as I read this morning, the target figures for economic development adopted by the 21st congress of the communist party of the Soviet Union, and try to assess the implication of these target figures written in mandatory imperatives of "will," then perhaps the alerting of our attention to the forthcoming dangers of the U.S.S.R. economic offensive should engage our attention.

The same thing holds true of the economic developments for trading and commerce in western Europe. I believe that after the challenging and informative analysis by the honourable senator from Shelburne of the problems and the emerging imperatives for economic collaboration by the members of the North Atlantic community, in which process the North American partners may have to reappraise their policies, I would think that there is little likelihood that this aspect of our activities in NATO will not receive the committee's scrutiny.

References have been made in this debate to the mounting burden of defence costs in all NATO countries. It is substantially correct to say that the military budgets of NATO countries collectively are on the average three times as high for 1958-59 as they were for 1949, and that until recently they had temporalily flattened out to what has been termed "cruising speed". During these same years the collective production of these countries rose by only 35 per cent, and, during this period, too, the NATO countries have contributed significantly toward the economic development of less fortunate countries.

Other things equal, however, this burden of defence costs could become still greater. The latest issue of the NATO *Letter* warns that military budgets of NATO partners may have to increase—in fact, there have been increases this year—because of the constant rise in the cost of equipping modern forces, and because of current developments both internationally and within the Soviet Union.

It would be useful if a better perspective of the relative burden of defence expenditures by the respective NATO countries were provided by relating the ability to pay, say by figures of *per capita* national income to *per capita* total national budgetary expenditures and to *per capita* expenditures for national security. We might do this for current years and over a period of years, with beneficial results to our better understanding of the whole problem.

The honourable senator from Winnipeg South (Hon. Mr. Thorvaldson), referring to

the crushing burden of Canadian defence costs, some of which flow from our defence commitments in the NATO alliance, suggested the advisability of some part of the Parliament of Canada, even a committee of the Senate, assuming:

—the task of reviewing in a comprehensive way the financial burden that this country should appropriately assume in the realm of national defence.

If I can assume this to be a separate study at a later date, then I submit for your consideration the suggestion that perhaps this committee of the Senate could be a committee of the whole house. The suggested study of defence expenditures would give us an opportunity to assess their burden against the defence requirements which this nation needs, can, or is willing to afford. I would hope that pertinent and useful facts could be furnished by competent witnesses to help the average Canadian understand better the primary operative concepts upon which are predicated our national defence requirements.

Many basic questions rise in one's mind as one thinks of this tremendous problem, but these would best be left to the study that has been suggested.

As I read NATO *Letters*, I am impressed by the long and varied list of the many activities which are being reported, and which I construe to have an important relationship to the co-ordinated "defence-of-democratic-freedoms" concept which is basic to the NATO organization. Considerable attention is devoted to what I might loosely term the public relations dimensions of the association, and it is to this aspect of our review of the activities of NATO that I would like now to draw your attention.

In the Special Issue of the NATO *Letter* honourable senators will find an article written by the Director of Information, under the title "Public Opinion and NATO". The article poses this basic problem: "Why then are people not better informed about NATO?" and proceeds to describe NATO's organization of its information services, and the results being attained. The director tell us that the primary responsibility for NATO information is placed upon the respective national information services, and that the regular 1959 budget for NATO information services is less than $300,000. Then the director logically asks us: How many thousands of times less is this amount—which as a matter of fact is approximately $285,000—than the sums the Soviet Union provides for its hard-hitting, day-by-day propaganda? He warns us that it would be a dangerous error for us to think that we are doing enough in the field of information.

I mention this article because I, for one, would like to know more about our international and national program in this continuing battle of public relations, about its substantive content, and about the results we appear to be achieving. Specifically, I would appreciate knowing more about the Atlantic Treaty Association, and its Canadian branch, the Canadian Atlantic Co-ordinating Committee. Receiving, as we do, considerable informational material from a variety of embassies, I cannot help but ask myself what we are doing in this regard.

The C.B.C. International Service is performing a very useful and significant duty in the international informational field. Perhaps it would be in order for the Standing Committee on External Relations to be better informed about the informational purposes this service is attempting to achieve, and the kind of message it has been beaming overseas. Then we would know what difficulties it has had to overcome and the accomplishments it has to its public service credit.

Of course we must work for relaxations of world tensions through negotiations, but should we not make certain also that the proposals for co-existence, containment, disengagement and what have you, are not hamstrung by one-sided formulas, with unique, unilateral definitions of the concepts of "co-existence", "non-interference" and the "*status quo*"?

Let me give you an example. As reported in the February issue of the NATO *Letter*, and according to Mr. Walter Lippmann, Mr. Khrushchev's definition of "*status quo*" appears to be a continuation of the existing situation, which the Soviet leader defines as a process of social and economic revolution now in progress in the U.S.S.R., China, and elsewhere in Asia and Africa, which process the West must not attempt to alter or interfere with, because all peoples of the world want to live under a new system of social life.

Thank you very much!

Mr. Lippmann validly suggests that this is a one-sided definitional bargain, because it asks us not only to shut our eyes to what has happened or is happening behind the Iron Curtain, but it also asks us to shut our eyes to further Soviet expansion and interference in other peoples' affairs, peoples not now behind the Iron Curtain.

In this context, and with a desire to know more about NATO information services which must help to meet more successfully the challenges of the ideological aspects of the cold war, many questions need to be asked. For although it is true that the communist deception which has been masquerading behind ideological jargon and semantical

double talk has largely been found out, and although thoughtful and informed men in the Free World know that the so-called Marxist-Soviet rule, after 40 years of experimentation, must stand condemned or acquitted by the naked facts of its non-democratic form of evolution and present practice—

Hon. Mr. Reid: It has never been tried in Russia.

Hon. Mr. Wall: I said "so-called".

Although these things are known, are we asking enough questions of the right kind about facts, about people, about their pains and hurts, about their unquenchable longing for national freedoms and individual human dignity?

For ours must continue to be a simple, direct message, cutting across and through the confusing, loosely-used verbiage of capitalism, imperialism, socialism, revisionism, and pointing out that the basic conflict lies in our respective interpretations of man and his God-given nature, of man's responsibilities and rights in society, and of his socrosanct value in all human existence. For ours is a universal message, ordered by a high moral passion against all forms of oppression, and warmed by a faith in the truth of eternal principles which will always stir men's souls. And in the interests of this common man, as well as in the interests of historical truth, we must continue to repeat and repeat that the true political, social and economic revolution is toward human betterment and happiness—through political and national freedom, through the legal safeguarding of the rights and freedoms of the common citizen, through greater respect for the individual on the basis of his sacrosanct human dignity, and all these through the instrumentality of laws which have been evolved by democratic processes.

If we speak, as we must, in the name of a higher international law based upon the brotherhood of men, I submit that this message must not hesitate to ask questions about the real status of the ordinary farmer, the ordinary worker, and the humble citizen, wherever he may live, embarrassing though these questions may be to some. And, can we shrink from speaking frankly about the issue of the freedoms of the satellite and the submerged nations behind the Iron Curtain, not because we want to pull these peoples over to our side and not because we suspect that the problem of what we can term "Soviet colonies" is the Achilles' heel of the U.S.S.R., but because we know that these people know that their national and individual freedoms have been abrogated and are presently being denied?

Hence, we believe that they aspire to peace under freedom, to national liberty, and to individual human dignity, for their own sake.

I welcome, honourable senators, this opportunity of expressing my warm support of this resolution, and I repeat the suggestion that the External Affairs Committee might deem it advisable and profitable to hear and to consider evidence dealing with the information programs involved in our NATO participation.

Motion agreed to.

The Senate adjourned until Tuesday, May 5, at 8 p.m.

APPENDIX

(*See p. 537*)

REPORT ON THE ORGANIZATION MEETING OF THE CANADA-UNITED STATES INTERPARLIAMENTARY GROUP

Held in Washington, D.C., U.S.A.

January 9 and 10, 1959

On August 12, 1958, the House of Commons gave unanimous approval to a proposal of the Rt. Hon. J. G. Diefenbaker, Prime Minister, in the following terms:

> My proposal is that I should request the Speaker of this honourable House, in consultation with his colleague in the other place, to establish a committee of members of both Houses and for all parties, for the purpose of exploring jointly with appropriate representatives of the executive and legislative branches of the Government of the United States the means whereby increased systematic discussions between legislators of the two countries on problems of common concern may be provided.

Similar authorizations were given in the Canadian Senate and in the Congress of the United States of America. Correspondence and preliminary discussion began in September but it was found that a first group meeting for organization purposes could not take place conveniently until after the congressional elections in November, 1958. Accordingly, the first interparliamentary group meeting was planned for and held in Washington on January 9 and 10, 1959, immediately after the opening of the 86th Congress and immediately before the opening of the second session of the 24th Parliament.

REPRESENTATION

United States Group

The United States group was made up of four Republicans and four Democrats, four of whom were Senators and were selected as a subcommittee of the Senate Committee on Foreign Relations, namely, Senator George D. Aiken, Republican from Vermont and Chairman of the Senate Group, Senator Homer E. Capehart, Republican from Indiana, Senator Wayne L. Morse, Democrat from Oregon and Senator Michael J. Mansfield, Democrat from Montana. The four from the House of Representatives were named by the House Committee on Foreign Affairs and comprised: Mrs. Edna F. Kelly, Congresswoman from New York, Democrat, who was Chairman of the House group, Frank M. Coffin, Congressman from Maine, Democrat, Walter H. Judd, Congressman from Minnesota, Republican, and Chester Earl Morrow, Congressman from New Hampshire, Republican.

Canadian Group

Although there were only eight in the United States' group they generously consented to a Canadian group of nine which would permit a more balanced representation of both Canadian Houses and all three Canadian political parties. Accordingly, the Canadian group was constituted with the approval of all party leaders as follows:

From the Senate, Hon. Mark Drouin, Speaker of the Senate, Hon. Wm. R. Brunt of Hanover, Ontario (P.C.), Hon. Sydney John Smith of Kamloops, B.C. (Lib.), and from the House of Commons, Hon. Roland Michener, Speaker of the House of Commons, Hon. Lionel Chevrier, Member for Laurier (Lib.), Hazen Argue, Member for Assiniboia (C.C.F.), Wm. L. Houck, Member for Niagara Falls (Lib.), Erik Nielsen, Member for Yukon, (P.C.), and Richard D. Thrasher, Member for Essex South (P.C.).

WASHINGTON MEETING

The Canadian group left Ottawa at 4.00 p.m. on Thursday, January 8th, by Department of Transport Viscount aircraft and arrived at Washington at 6.00 p.m. where they were met by a number of members of the American group and conducted to the Mayflower Hotel where they were accommodated until their return by similar transport on Sunday morning, January 11th. The Canadians were accompanied by their wives and by three members of the Canadian Parliamentary Press Gallery.

RECEPTION IN WASHINGTON

The Canadian delegation was received with the greatest cordiality and shown the highest consideration by the President, the State Department and both Houses of Congress as well as by the Canadian Embassy. The highlights were:

Friday, January 9

9:00 a.m.—The President of the United States received both delegations, wives and reporters at the White House.

12:00 noon—Attendance of the Canadian delegation at a joint session of Congress for the State of Union address by the President of the United States.

1.30 p.m.—Luncheon, Speaker's dining-room, House side of the Capitol, attended by many Congressmen including the Chairman of most of the Standing Committees.

3.00 p.m.—Reception of Canadian delegation on the floor of the Senate at which short speeches of welcome were made by sixteen U.S. Senators. The text of these speeches appears as an appendix to *Hansard* of January 23rd, 1959, at page 288.

6.30 p.m.—Reception given by the Canadian Chargé d'Affaires, a.i., A. E. Ritchie at the Canadian Chancery, attended by both delegations and many guests from Congress and the State Department.

8.00 p.m.—Dinner at the Mayflower Hotel at which the Chairmen of the Senate Foreign Relations Committee and the House Foreign Affairs Committee were hosts.

Saturday, January 10

1.00 p.m.—Lunch in the Old Supreme Court Room on the Senate side of the Capitol, attended by Senators and Congressmen, including Speaker Rayburn.

6.00 p.m.—State Department reception for both delegations and other guests in the President's Guest House.

BUSINESS SESSIONS

The two delegations met in business sessions on the afternoon of Friday, January 9th, at which Congresswoman Edna Kelly was Chairman, and on the morning of Saturday, January 10th, at which Senator George D. Aiken was Chairman. Press releases were given at the end of each business session and there was a short meeting with the representatives of the Press on Saturday afternoon.

RECOMMENDATIONS OF CONFERENCE

The Conference unanimously agreed to make the following recommendations to their respective bodies:

Name

A suitable name for this and subsequent meetings would be: "Canada-United States Interparliamentary Group" or "United States-Canada Interparliamentary Group", depending on which country was host.

Future Meetings

Future meetings between the legislators of both countries were both feasible and desirable. There should be at least two such meetings each year, one in each country. The next meeting should be held in Canada at the end of June, at the time of the official opening of the St. Lawrence Seaway.

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Organization

Organization of meetings should be in the hands of a small steering committee, composed at first of the present group, but subject to change in accordance with the following principles:

(a) There should be equal numbers from each country;

(b) Eight was possibly a suitable number for this committee, but notification could be given by either side if it wished to change the number or composition of its representation on the steering committee;

(c) Each would keep the other informed of its wishes in this matter.

Staff

There should be a joint relationship between the staffs of the two groups to arrange schedules and make other administrative provisions. Appropriate staff would be provided by each group as required. Experts on each side would not sit in on discussions.

Financing

Each group would pay its own transportation to the host country and hotel bills. The host country would pay other expenses. This arrangement would be subject to revision if meetings did not alternate between the two countries.

Character of Meetings

It was agreed that substantially larger numbers of Congressmen and Parliamentarians should participate in future meetings, that such meetings should not always be held in Washington and Ottawa, and that the group might divide into smaller parties on occasion and visit areas of special interest. It was suggested that at the next meeting twenty-four from each country would be an appropriate number. It was agreed that the meetings should be informal in character and that the purpose was to exchange information and to promote better understanding of our common interests, and accomplishments, as well as our differences and difficulties, rather than to arrive at binding decisions. It was understood that neither group would have authority to commit or bind its respective legislatures or government.

Agenda for Discussion

Without attempting to settle an agenda for the next meeting in June the following topics for discussion were suggested: Defence relationships, trade problems, boundary water issues, wheat disposal, investment policies, defence production arrangements as under the Hyde Park Agreement, fisheries problems and joint action for peace.

Agenda Committee

It was agreed that an agenda committee composed of Senators Aiken and Drouin, Speaker Michener and Congresswoman Edna Kelly should be given the responsibility of settling the agenda for the next meeting. The agenda would be made up of:

1. The topics selected by the agenda committee.

2. Such additional topics as the agenda committee might place on the agenda on written request from delegates given one month prior to the date of the next meeting.

3. Any other business which there was time to discuss after the set agenda had been disposed of.

Ground Rules

For the Conference in Washington, the delegates agreed on the following rules which, subject to change, would be appropriate for future meetings:

1. The host country would provide the Chairmen for the business sessions.

2. Business sessions are to be held in camera, that is, without the Press or experts or any staff except one or two secretaries from each side present for the purpose of preparing summaries of the discussion and drafting press releases for approval.

3. Delegates will be free to say what matters were discussed in the business meetings but shall not attribute any statement to any delegate.

4. Press releases will be issued at the close of the business meetings or conference outlining in a general way the course of the discussions.

5. Each group will be free to report on the conference to its authorizing committee or legislature, as well as to its State Department and Government.

On behalf of the Canadian Group, April 29, 1959.

Mark Drouin
Speaker of the Senate

D. R. Michener
Speaker of the House of Commons

THE SENATE

Tuesday, May 5, 1959

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

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker: Honourable senators, I have the honour to inform you that I have received the following message from the Secretary to the Governor General:

GOVERNMENT HOUSE
Ottawa,

May 5, 1959

Sir,

I have the honour to inform you that the Hon. Patrick Kerwin, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate Chamber on Tuesday, the 5th May, at 9.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,

Lionel Massey,
Secretary to the Governor General

The Honourable,
The Speaker of the Senate,
Ottawa.

REPRESENTATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-21, to amend the Representation Act.

Bill read first time.

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

Hon. Mr. Méthot: Thursday next.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following reports:

Report on the audit of the accounts of the Canadian Farm Loan Board for the fiscal year ended March 31, 1959, pursuant to section 85 of the Financial Administration Act, Chapter 116, R.S. 1952. (English text).

Report of the Federal District Commission for the year ended December 31, 1958, pursuant to section 20 of the Federal District Commission Act, Chapter 112, R.S. 1952. (English and French texts).

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 256 to 284, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

INTERNATIONAL TRADE

NOTICE OF MOTION

Hon. Wishart McL. Robertson: Honourable senators, I give notice that on Wednesday, May 13, I will move the following resolution:

That in the opinion of the Senate of Canada:

(1) The Western world should eagerly accept the challenge of the recently launched economic offensive of the Soviet Union, and prepare accordingly.

(2) The Governments of the fifteen nations who signed the North Atlantic Treaty should take the initiative in seeking to provide for the progressive removal, over the next fourteen years, of all trade barriers between their five hundred million people and the peoples of all nations who may thereafter become associated.

(3) This action should in principle follow, as far as is feasible, the precedent already established by our six NATO partners, namely, Belgium, France, Germany, Italy, Luxembourg and the Netherlands.

(4) Since this association contemplates the inclusion of nations that are not signatories of the North Atlantic Treaty, the necessary machinery to accomplish the purpose should be entirely outside, and quite independent of the North Atlantic Treaty Organization.

May I say that the responsibility for this motion is entirely mine, personally. I have not consulted anyone on either side of this chamber, not even the Leader of my party, and I have not consulted anyone outside the chamber. At the moment I have not even a seconder. Should I obtain a seconder between now and May 13 I shall move the motion on that day.

DIVORCE

BILLS—FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill SD-206, an Act for the relief of Theodora Cornell Moore Martin.

Bill SD-207, an Act for the relief of Rose Ange Lorange Gadoury.

Bill SD-208, an Act for the relief of Brenda May Newbury Sherwood.

Bill SD-209, an Act for the relief of Lillianne Reed Volchuk.

Bill SD-210, an Act for the relief of Fernand Filiatrault.

Bill SD-211, an Act for the relief of Elisa Gislena Maria Blankaerts Juneau.

Bill SD-212, an Act for the relief of Louis Gustave Rey.

Bill SD-213, an Act for the relief of Gertrude Mary Prosser Hortig.

Bill SD-214, an Act for the relief of Mary Barbara Jex Light.

Bill SD-215, an Act for the relief of Joan Elizabeth Healy Watson.

Bill SD-216, an Act for the relief of Franz Prader.

Bill SD-217, an Act for the relief of Emilienne Celestine Mallard Grossin.

Bill SD-218, an Act for the relief of Gertrud Maria Meta Wauer Macovetsky.

Bill SD-219, an Act for the relief of Mohammed Dijiro.

Bill SD-220, an Act for the relief of Aurore Giguere Gourd.

Bill SD-221, an Act for the relief of Lucinda Marguerite Vaughan Flood.

Bill SD-222, an Act for the relief of Joan Turvey Fields.

Bill SD-223, an Act for the relief of Patricia Elizabeth Tobias Garber.

Bill SD-224, an Act for the relief of Marian Ida Rex Ross.

Bill SD-225, an Act for the relief of Mary Ann David Arial.

Bill SD-226, an Act for the relief of Marjorie Barbara Hawthorn Morrison.

Bill SD-227, an Act for the relief of Sarah Friberg Lazare.

Bill SD-228, an Act for the relief of Marie Adrienne Maryse Dagenais Garlick.

Bill SD-229, an Act for the relief of Alexandre Pare.

Bill SD-230, an Act for the relief of Norman Grover, otherwise known as Norman Bernard Grover.

Bill SD-231, an Act for the relief of Marjorie Winifred Joyce White Young.

Bill SD-232, an Act for the relief of Helga Fischer Dollard.

Bill SD-233, an Act for the relief of Marguerite Louise Agathe Piche Chartrand.

Bills read first time.

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

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

CONVENTION ON NATIONALITY OF MARRIED WOMEN

NOTICE OF MOTION STANDS

On the notice of motion by Hon. Mr. Aseltine:

Resolved: That it is expedient that the Houses of Parliament approve the Convention on the Nationality of Married Women, done at New York on February 20, 1957, and that this house do approve the same.

Hon. Mr. Aseltine: Honourable senators, I would ask that this motion stand until Tuesday next, May 12.

Hon. Mrs. Fergusson: May I inquire whether this order could stand until another date? I had hoped to speak on the motion, but I shall be away from Ottawa during all next week.

Hon. Mr. Aseltine: The minister in the other house would like to open the debate on this motion, and I think we could arrange to have our debate commence at a time suitable to the honourable senator from Fredericton (Hon. Mrs. Fergusson).

Hon. Mrs. Fergusson: Thank you.

The Hon. the Speaker: The order stands.

INDIAN AFFAIRS

JOINT COMMITTEE—SENATE MEMBERS

Hon. W. M. Aseltine moved, pursuant to notice:

—That the Senate do unite with the House of Commons in the appointment of a Joint Committee of both Houses of Parliament to examine and consider the Indian Act, Chapter 149, R.S.C., 1952, and amendments thereto, and to suggest such amendments as they may deem advisable, with authority to investigate and report upon Indian administration in general and, in particular, on the social and economic status of the Indians;

That the following senators be appointed to act on behalf of the Senate on the said Joint Committee, namely, the Honourable Senators Boucher, Crerar, Croll, Dupuis, Fergusson, Gladstone, Horner, MacDonald, Méthot, Reid, Stambaugh and White;

That the said committee have power to call for persons, papers and records and examine witnesses under oath; to sit during sittings and adjournments of the Senate, and to report from time to time; and to print such papers and evidence from day to day as may be ordered by the committee; and

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

He said: Honourable senators, I would like to make a few comments at this time. Some honourable senators will remember that in 1946 a similar Joint Parliamentary Committee composed of certain members of the House of Commons and the Senate was appointed for the purpose of examining the administration of the Indian Act and Indian affairs in general. The committee held many meetings that year and was reconstituted in 1947 and again in 1948. During those three years an exhaustive inquiry was made into the subject, and I believe I am correct in stating that more than 100 witnesses were heard and some 400 briefs were submitted. The committee finally reported in June of 1948. I see the honourable senator from New Westminster (Hon. Mr. Reid) is smiling. I believe he was a member of that committee and took a very active part in its deliberations.

As a direct result of recommendations of that joint committee a new Indian Act was passed in 1951. It appears now that certain matters have arisen in connection with Indian affairs which make it necessary that

another joint committee of both houses be set up to consider the present and future position of Indians in this country. I am sure honourable senators will welcome this motion and agree that the Senate should pass this motion and take part in the deliberations.

Hon. W. Ross Macdonald: Honourable senators, the motion to set up this joint committee met with unanimous approval in the other house about a week ago, and the members of that house who will sit on the committee have now been named. I feel that we should concur in the request, that has come to us from that house to unite with it in the formation and work of the committee.

The Leader of the Government (Hon. Mr. Aseltine) referred to the joint committee which sat on this subject more than ten years ago. That committee made a very exhaustive inquiry, and sat not only in Ottawa, but across Canada at or near different reservations. I presume that this new committee, or at least a subcommittee of it, will do the same thing this year. Indians have served Canada well in the past, and we owe a great deal to their forebears. They were loyal to the Crown at a vital time in our history, the days of the American Revolution, and many of them left their homes in that part of America which lies south of the Great Lakes in order still to continue to live under our flag. They received a tract of land under a treaty with the British Government. They do not own all the land at the present time, but they still have part of it. After the American Revolution they also joined with Canadians in the war of 1812, and again rendered great service to our country.

Honourable senators have doubtless read in the press that there has been some difference of opinion as to the way the reservation near Brantford should be conducted. I would point out that the proposal to set up this committee was made long before mention of those differences appeared in the press. This committee is not being set up as a result of what took place a few months ago. It was decided many months before then that it was time to review the conditions under which Indians live in Canada.

I am very pleased to second this motion. I hope it will carry, and that the committee will be able to get to work very soon.

Hon. F. W. Gershaw: Honourable senators, I assume that the object of this committee will be to inquire into the economic and social affairs of the Indians in Canada. Of course it is our hope that something will be done to improve the standard of living and to increase the happiness of those people. All down through the ages the records show that the Indians have often been visited by pestilence and famine, and become the victims of the weather and climatic conditions. They have lived in tents called wigwams, and often their food was not fit for human consumption. It is therefore fitting that some inquiry should be made of the conditions under which they live.

Now the best knowledge is that in ages long gone by, so long ago that no one can tell, they came from the heart of Asia. They made their way possibly across the Behring straits in winter on the ice or in the summer by boats. They worked their way down along the eastern foothills of the Rockies on what has been called the Old North Trail, which has long been overgrown. Then they spread across the country and discovered a new continent, although they were not conscious of the fact. They were here when Christopher Columbus came to this continent, late in 1492, and he, thinking he was close to India, called them Indians. Some of them are not very proud of that title at the present time.

All down through the ages there were tribal wars among the Indians, with all the cruelty and torture of pagan times. Also, they have had a hard time making a living. When the white people first came to the West, about 90 years ago, there were great herds of buffalo. It was said that in the spring time they would cover the lands as far as the eye could reach. In the northern states river boats were held up while great herds of these animals swam the streams, and the herds also held up railway trains on the rights of way. But when the white people came with their repeating rifles the buffalo disappeared and the Indians were left in a very unfortunate position. Then some of the whites—this is one of the darkest pages in Indian history—lawless, cruel men, without any moral feeling, came in the role of whisky traders and exchanged their potent liquor and their trinkets for the valuable buffalo and other furs. This liquor was a great hazard because it led to crime and cruelty and caused much suffering, and even death, among innocent people. It culminated in what was called the Cypress Hills massacre, where some of these traders went up the ravines there and shot down some 30 helpless Indians. A few others escaped by making their way into the hills. When news of this gruesome tragedy reached Toronto and Ottawa the Government of the day recruited some 300 men and dressed them in scarlet and gold. After an amazing march they reached that wilderness and succeeded by kindness, firmness and justice, in controlling those roving

bands of Indians, in establishing law and order and also particularly in driving out those whisky traders.

As more white people came in, it was seen that some arrangement would have to be made about the land, so the Government made a series of treaties with the Indians. The territory that the tribes of Indians roamed over was considered to be theirs. There were the Chippewas in the north, the Assiniboines in the south, the Crees and the Blackfeet, the Blood Indians and so on. A series of treaties was made, some in Manitoba, some in Saskatchewan. The last one was made in Alberta, at Crowfeet Crossing, on September 17, 1877. It was a very colourful scene, with thousands of Indians, the Northwest Mounted Police, in bright uniforms, and the Lieutenant Governor and other dignitaries. It was felt that these treaties were necessary in order to clearly establish and settle the situation.

Captain Pallister, back in 1857, while making an investigation for the British Government, advocated the setting up of reservations. So reservations were set up and treaties were made and each family of five Indians were given 640 acres of land. Some of these reservations were large. The reservation of the Blood Indians contained some 500 sections of land, which would mean an area of about 25 miles long and 20 miles wide. These Indians were also promised teachers to help their children, and farm instructors. They were also promised annuities as long as the sun would shine and the grass would grow and the streams would run on to the seas. Of course, those promises have been kept.

It is quite impossible to know how many Indians there were in Canada when the white people came, but it is supposed there were about 200,000. However, the white people brought with them diseases which, as the Indians had no immunity to them, spread like wildfire, so that large numbers of Indians died. One awful event is recorded. A trader named Evans lost some of his horses and he wreaked a terrible vengeance. He went south, got some blankets, impregnated them with a virulent type of smallpox and put them in boxes where the Indians would find them. The Indians, of course, found them and used them, and a whole tribe was wiped out with smallpox at that time.

At the beginning of the century there were less than 100,000 Indians, but now there are 155,000 or more. Modern health methods have helped to curb tuberculosis and other diseases so that the Indian population is increasing.

Many Indians are now doing well on their reserves, but still there are a great many who are not on reserves and who still roam around and live under very unfortunate conditions. It is well that the treaty should be revised from time to time, for as it has been said:

> New times demand new measures and new men;
> The world advances, and in time outgrows
> The laws that in our fathers' day were best;

Some of the Indians were very outstanding. I might mention, for example, Tecumseh and Rona Teka, and particularly Crowfoot, who had a very great mind and saved the white population from being wiped out altogether at the time that Sitting Bull and his followers came to Canada. Crowfoot was the chief of chiefs who, like Saul of old, stood head and shoulders above the tribe. He had wisdom. He welcomed the Northwest Mounted Police, saying they came to protect the Indians, as feathers protect the birds from the frosts of winter. He was very active and killed as many buffalo as anybody else did. He led his followers in many tribal battles and on occasion, when hard pressed, he gave them a pep talk: "Although our enemies may be as strong as the sun and as numerous as the stars of the heavens, yet we will defend our lodges."

Honourable senators, I am glad that these people are going to have their conditions investigated, because all over the world primitive people are beginning to see that they are in an inferior position. There is some smouldering discontent, there is some resentment, there is, as somebody says, "a rising tide of colour", and it is quite evident that something should be done in these circumstances.

D'Arcy McGee, a long time ago, said something which might be appropriate at the present time:

> The politics preached at present will grow old and will lose their lustre but the conciliation of class and class, the keeping together of all our people, the linking of order with order, the smoothing out of the sharp and wounded edges will never seem old and will never lose its lustre.

Hon. R. B. Horner: Honourable senators, as one who sat on the former joint committee, I think it is now time, after the passage of more than ten years, to take another look at Indian problems. As the honourable senator from Medicine Hat (Hon. Mr. Gershaw) said, there are many pages of history both in Canada and the United States, which indicate that we have little to be proud of in our treatment of the Indians. I sometimes wonder, as their affairs are handed down from father to son, why they have as much confidence in us as they have.

I was interested recently to hear that there is a group of some 250 hardy, independent Indians living on the border of Alberta and British Columbia, near Jasper. The members of this particular group, I understand, have

refused to take treaty or to go on a reserve; they maintain their right to freedom in this country.

The previous joint committee heard many splendid briefs from chiefs and elected councillors of the various Indian bands in Canada. To a large extent the complaints were about money: that their band money was being held up in the department in Ottawa and that they continued to be treated as children. I noticed a recent news item to the effect that some bands are now being given the handling of their money. As pointed out by the honourable gentleman who comes to us from the Blood Tribe in the Blackfoot Nation, who sits with us in this chamber (Hon. Mr. Gladstone), the sooner the Indian is allowed to do as other men do and to take his place amongst other men, whether he succeeds or fails, the sooner will many of his problems be solved. The first step in this direction is to allow the Indian to handle his money.

As I said at the opening of my remarks, the history of our treatment of the Indians leaves us nothing to be proud of. I abhor the words "pagan Indian", so often applied to the first inhabitants of Canada. There are none of them but have a belief in the hereafter, and it is not too much different from my own. They believe if they treat their fellow man rightly and are good people on this earth they will go to a happy hunting ground.

As the earlier joint committee was told, the Indians were confused because of the different religious denominations. They believed that regardless of what denomination they adhered to, it would be fairer if all the Government schools were public schools and if religion were taught separately in the evenings, on Saturdays and on Sundays. They also pointed out that many of the quarrels that arose on the reservations were caused by differences over the question of schools and churches. I fully expect when the new joint committee is set up it will face these same questions and problems, for which a solution must be found.

That is all I wish to say at the present time.

Hon. T. A. Crerar: Honourable senators, the purpose of this motion is, of course, to set up a joint committee that will, I presume, make a general inquiry into the affairs of the Indians of Canada. It was my good fortune, or ill fortune, whichever way you wish to look at it, for a number of years to have the administration of the Indian affairs in Canada under the direction of the department over which I presided for the time being.

The Indian problem is a very difficult one. Here again we have rather tended, I fear, to the concept that money is the main problem in the handling of Indian affairs. Upon looking up the estimates, I find that the total vote in the Department of Citizenship and Immigration for part of the Indian administration is in excess of $41 million. It happened about ten years ago that the administration of Indian affairs was divided between two departments. For some reason, which I am still unable to quite comprehend, the health of Indians was put under the Department of National Health and Welfare. That, in my opinion, was unwise. At any rate, today we have two departments dealing with the problems of our native population.

As I have already stated, the Department of Citizenship and Immigration has a vote in excess of $41 million for Indian affairs. The Department of National Health and Welfare, for the purpose of Indian health, has a vote in excess of $20 million. In other words, through these two departments of Government we propose to spend this year more than $62 million. I believe the honourable senator from Medicine Hat (Hon. Mr. Gershaw) gave an estimate of the Indian population at the present time. That question will probably be more accurately determined at the next census, but so far as my knowledge goes the Indian population in Canada is somewhere between 160,000 and 170,000. If honourable senators wish to do a little mental arithmetic, it is not difficult to determine what we are spending *per capita* on our Indian population through these two departments of Government. I am bound to say that so far there is little evidence that we are getting full value for the money.

I believe we started out in the wrong way in the handling of Indian problems, back perhaps a hundred years ago. The attitude of governments then toward our native inhabitants was something like this: in the process of time the problem would solve itself by extinction of the race. There was evidence to support that attitude in the steady decline of the Indian population for many years. Then a change came about: the various churches became interested in the welfare of the Indians.

Residential schools were established which, I am bound to say, had doubtful results, on the whole. But the sympathy and understanding of the Canadian people were enlisted in support of programs for the betterment of our Indians, and so we had educational programs, health and welfare programs, and food programs to avoid starvation among these primitive people. The natural result of all this is that the downward curve in Indian population has touched the bottom and

is now on the up-swing. Our Indian population is increasing, and almost certainly will continue to increase, probably at an accelerated pace.

The problem, then, is how can these people, these native people, be brought to a state of affairs where they can be self-supporting? With the increase in Indian population—which is the result, largely, of the money that is being spent on health and welfare—it is rather difficult to look ahead and envisage a state of affairs when we are not going to be for ever in the position where we will have to steadily increase our votes for Indian affairs.

Hon. Mr. Macdonald: Could the Indians not gradually be integrated into the rest of the population?

Hon. Mr. Crerar: I was coming to that. My honourable friend suggests they could be integrated into the rest of the population. I would think that is a possibility, but not a near possibility at all. For instance, some of the advanced Indians, certainly in eastern Canada, are on the reserve mentioned earlier by the Leader of the Opposition (Hon. Mr. Macdonald), I visited that reserve years ago when I had charge of the administration. There are some excellent houses and well-dressed people, but they are still Indians, and many of them are still refusing to take on the status of white men.

I have not looked at the Indian Act for years, but I know that 20 years ago an Indian could cease to be an Indian by a voluntary act in giving up the treaty money, for instance, and becoming a full-fledged citizen with the right to vote. But that did not happen on many of these large Indian reserves.

When one assesses this problem one cannot ignore the background of the Indians. They were nomads. Very rarely did they have any settled habitation before the advent of the white man in America. They carried on their Indian wars with one another. It is proverbial that the Indians in the past had a philosophy of life that led them to the view that sufficient for the day is the evil thereof. There was no, or very little, effort to make provision for the days ahead.

Hon. Mr. Euler: It is that way now.

Hon. Mr. Crerar: Because of that fact, very often there was starvation, and disease following starvation. The problem, of course, is how to build up self-reliance in the Indian, and to give him the dignity which is associated with and springs inevitably from the development of self-reliance. That is the task that I think has to be taken in hand. Education is useful, but not all education of Indians is useful; I will say that. It is a subject of vast extent.

I come back to the fact that we are spending over $60 million a year in the administration of our Indian affairs. That is a fact that is of very considerable consequence, and my earnest hope is that this committee may do some useful work.

If I were to make my own observation on the committee, I would say it is far too large. My experience in parliamentary work, going back over a good many years, has led me pretty well to the conclusion that if you want to make a thorough and effective study of a problem you do not have a committee of forty or fifty members, half of whom turn up on one day and not on the next, and, when they come on the third day, want to know what happened the day before. It would be more effective, I am sure, to have a small committee of not more than nine well-selected people—probably seven would be better—who would take an active interest in this subject and give it their thought, attend the meetings regularly and study the problem. This is a type of case where in a multitude of voices there very often is not wisdom.

At any rate, honourable senators, I think the effort in establishing this committee is a worthy one, and I, for one, hope it will produce some very useful results.

Hon. Cyrille Vaillancourt: Honourable senators, I would like to say a few words with respect to the integration of the Indian people into the general population of this country. In Quebec we have experienced that in the old Village des Hurons.

(Translation):

Today, in the Huron village there are practically no more real Hurons. For instance, last year I met a delegation of visitors to Quebec who wanted me to take them where they could see Indians wearing feathers on their heads. These delegates were Frenchmen. I told them it would be rather difficult. We went to the Huron village but we did not manage to identify one true Huron. In that village, located near Quebec, the descendents of the Hurons have established very prosperous industries, such as manufactures of shoes, gloves and similar products. When they are living in proper surroundings, these people are easily integrated into the community. Several of them have married white girls. At college, I had a fellow student named Sioui who has made a name for himself in financial circles; he married a French Canadian, and no one would know that their children are of Indian descent.

One day, speaking before a meeting in Paris, I heard a lady whispering to her neighbour: "Why, that Indian from Canada is speaking French!" I countered with: "The Indians from Canada have mixed with the Indians from Versailles, and this is the result." A large number of these Indians have taken from us the best we had to offer and we have received from them their daring; together we have developed a great country.

(Text):

Motion agreed to.

JOINT COMMITTEE—COMMONS MEMBERS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons to inform the Senate that Messrs. Badanai, Baldwin, Barrington, Cadieu, Charlton, Dorion, Fairfield, Fraser, Gundlock, Hardie, Henderson, Howard, Korchinski, Leduc, Martel, McQuillan, Michaud, Montgomery, Muir (Cape Breton North and Victoria), Murphy, Pickersgill, Robinson, Small and Stefanson have been appointed to act on behalf of the Commons as members of the Joint Committee on Indian Affairs.

CENSUS QUESTIONNAIRE

INQUIRY

On the Orders of the Day:

Hon. Thomas Reid: Honourable senators, before the Orders of the Day are proceeded with, I should like to inquire of the honourable Leader of the Government (Hon. Mr. Aseltine) whether the minister responsible for census-taking in Canada has sanctioned certain questions that it is proposed to put to the Canadian public? Evidently the census-takers will want to know something about the mother's fertility, her marriage age and the number of babies she has had, and not only the wages but all of the earnings of the breadwinner.

According to a recent newspaper report the census-takers will also pose such other new questions as:

> Were you ill or injured yesterday and did this interfere with your work or play?

I hope these questions are not being accepted as official ones, but if they are I want to say they are going very far into the private lives of the citizens of this country. I would advise anybody in my household to slam the door in the face of any person asking such questions.

Hon. Mr. Aseltine: Who proposes to ask these questions?

Hon. Mr. Reid: The census-takers. My question to the honourable Leader of the Government is this: Does the minister responsible for census-taking support these questions?

Hon. Mr. Aseltine: I shall inquire into the matter.

Hon. Mr. Reid: This matter was reported authoritatively the other day and I am amazed at the list of questions the census-takers propose to ask householders. They intrude on people's lives. Census-takers will be appointed by members of Parliament and there will be no secrets at all. I would not allow my wife or anybody else in my home to answer such questions.

ATLANTIC CONGRESS

CANADIAN DELEGATION

Hon. W. Ross Macdonald: Honourable senators, before the Orders of the Day are proceeded with may I ask the honourable Leader of the Government (Hon. Mr. Aseltine) if he has been able to have the number of senators on the Canadian delegation to the forthcoming Atlantic Congress increased?

Hon. Mr. Aseltine: I looked into this question as fully as possible and I found out that this is not a Government matter at all. A voluntary organization called the Commonwealth Parliamentary Association was set up and its membership is open to members of the Senate and House of Commons. It is in no way a Government organization and its own members decided upon the representation from each House of Parliament to the forthcoming Atlantic Congress. The Leader of the Opposition in the Senate (Hon. Mr. Macdonald) and myself are members of this association and as such we each received a letter from the secretary requesting each of us to name one delegate from this house. I have not been able to alter this arrangement.

Hon. Mr. Crerar: May I inquire who pays the expense incurred by the delegates to this congress in London, England?

Hon. Mr. Aseltine: Honourable senators may recall that in the estimates there was a grant to the Commonwealth Parliamentary Association for this purpose. This grant will pay only part of the expenses of the delegates and the remainder will be contributed otherwise.

Hon. Mr. Macdonald: Honourable senators, apparently I have not had much success in getting the number of Senate members on that delegation increased.

Hon. Mr. Robertson: May I ask the Leader of the Government (Hon. Mr. Aseltine) at

this point what the practice is by the Commonwealth Parliamentary Group with regard to representation? There are always seven votes in Canada. What proportion goes from the Senate? There are certainly not more than two, and my impression is that it is only one.

Hon. Mr. Aseltine: I was the only one that went to India.

Hon. Mr. Robertson: Yes. I believe the practice has been for only one to be a representative of the Senate, and I think that is entirely unreasonable.

Hon. Mr. Aseltine: No doubt His Honour the Speaker would have been the representative if Parliament had not been sitting at the time.

Hon. Mr. Robertson: The meeting will be held in Australia this coming fall. Seven delegates going from Parliament for two or three months would mean great cost to the host government.

Hon. Mr. Roebuck: May I say that in 1948 when the Commonwealth Association held a convention in England two senators were present.

Hon. Mr. Robertson: I think the practice lately has been to have just one.

CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

CANADIAN DELEGATION

Hon. Mr. Macdonald: Mr. Speaker, with your permission, may I refer to the forthcoming June meeting of the Canada-United States Interparliamentary Group? Before doing so I should like to take this opportunity to congratulate both you and the Speaker of the House of Commons on the excellent report you presented to this house Thursday last on the organization meeting of the group, held in Washington on January 9 and 10 last. I have now had an opportunity to read the report carefully and I find it both concise and complete. This report, together with the information we received earlier this session from the honourable senator from Hanover (Hon. Mr. Brunt) and the honourable senator from Kamloops (Hon. Mr. Smith), gives this house a clear picture of what took place at the organization meeting. The report discloses that the United States had eight representatives at the meeting and Canada had nine. The United States delegation was composed of four members from the House of Representatives and four from the Senate, whereas the Canadian delegation was made up of six members from the House of Commons and three from the Senate, including His Honour the Speaker. Furthermore, the American delegation contained an equal representation of Republicans and Democrats from both the House of Representatives and the Senate.

Honourable senators, I am raising this point now because I understand from the report that a small steering committee was appointed, which consists of the representatives who attended the first meeting, and that this steering committee will make arrangements for the meeting to be held in June. I also note from the report it is suggested there should be 24 senators from each country at that meeting. My suggestion to His Honour the Speaker and the members of this house who are on that steering committee is that the Senate should enjoy equal representation with the House of Commons at the next meeting. I will go farther and say that the parties should be equally represented in the organization. May I point out, Mr. Speaker, that at the present time in the United States Senate there are 64 Democrats and 34 Republicans, making a total of 98. In the House of Representatives there are 283 Democrats and 153 Republicans, making a total of 436. In each house there is a majority supporting the Democratic party, yet notwithstanding that fact there is equal representation in this organization from both parties. That may appear to be unusual, but to my mind it would be quite consistent with the purpose of the organization, for as the wording of the report says:

> It was understood that neither group would have authority to commit or bind its respective legislatures or government.

Whatever the organization does, therefore, will not be binding upon the Government. I trust that when the delegation is set up, the steering committee will keep in mind what has been done in the United States, and that a similar course will be followed here.

PARLIAMENTARY SECRETARIES BILL

MOTION FOR SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, April 29, the adjourned debate on the motion of Hon. Mr. Aseltine for the second reading of Bill C-37, to provide for the appointment of Parliamentary Secretaries to Ministers.

Hon. W. Ross Macdonald: Honourable senators, I have very few remarks to make in connection with this bill. It is a House of Commons bill, and provides for the appointment, according to the wording of the bill, of parliamentary secretaries to ministers. The bill was considered very carefully in the other house and met with its approval. Suggestions were made for changing certain provisions,

but I think I can say that the principle of the bill received unanimous approval of the other house. I have no intention of opposing the bill in the Senate. If we can suggest changes that we think might be of benefit and of assistance in the administration of affairs in the other house, I think we should put them forward. However, as far as the principle of the bill is concerned, I would hesitate to oppose it.

It was suggested by the Leader of the Government (Hon. Mr. Aseltine) that the appointment of parliamentary secretaries here is similar to the procedure for the appointment of parliamentary secretaries in the United Kingdom, but as the honourable senator from Inkerman (Hon. Mr. Hugessen) stated, that is so in a very limited way. The similarity is probably in name only, yet not altogether in name only, for some of the parliamentary secretaries in the United Kingdom are known as under secretaries. The main difference between parliamentary secretaries in Canada and those in the United Kingdom is that in the latter country they are members of the administration and are appointed for the duration of the time that the Government party is in power. When a new party takes over the reins of office, parliamentary secretaries are appointed at the same time as ministers are appointed, and if an election intervenes, and they are returned, they continue on as parliamentary secretaries. But the appointments under this bill are entirely different. It provides that a parliamentary secretary will be appointed for a period not exceeding twelve months.

I would further point out that in the United Kingdom a parliamentary secretary is a full-time member of Parliament in the same manner in which a minister of the Crown is a full-time member of Parliament. In the United Kingdom, as was pointed out last Thursday, a member of Parliament is paid £1,750 per annum, but a parliamentary secretary receives the sum of £2,500 per annum in addition to his parliamentary indemnity of £750. Honourable senators will see, therefore, that in Britain the duties of a parliamentary secretary are considerably more important than his duties as a member of Parliament. It is the reverse under this bill. Here in Canada a member of Parliament receives $10,000, including his expense allowance, but a parliamentary secretary, instead of receiving a larger additional sum for his office, receives a smaller one: he receives $4,000. The duties of a parliamentary secretary in Canada, therefore, cannot be compared to the duties of a parliamentary secretary in the United Kingdom.

66972-1—36½

Honourable senators, I wish to refer to a few provisions of this bill. In the first place, the name of the bill is "An Act to provide for the appointment of Parliamentary Secretaries to Ministers. Clause 1 says:

> This act may be cited as the Parliamentary Secretaries Act.

Well, in days gone by we had parliamentary assistants, and I think that term is more in keeping with the duties and responsibilities of those who are to become parliamentary secretaries under this act. The term "parliamentary secretaries", to my mind, is too grandiose altogether, and implies a far more important and responsible position than is contemplated by this bill. I think the Government would have been wise if it had continued the title "parliamentary assistants". However, after consideration the House of Commons decided to change the title and give them this great name of parliamentary secretaries, so they will have the same title as very important members of Parliament in the United Kingdom.

Then I read paragraph 3 of clause 2:

> A parliamentary secretary shall be appointed to hold office for a period not exceeding twelve months—

Under the former arrangement no limit was set to the term of appointment of parliamentary assistants. He certainly did not end his term of office at the end of 12 months. Under that system no separate bill was brought before Parliament, but on the other hand there was an item in the estimates providing for the appointment of parliamentary assistants.

I doubt if it is a good thing to provide for a limited term of appointment. However, I do not think it would do any good for us to press this point, even if most of us agreed with it. The point was pressed in the other house and an amendment was offered, the text of which read something like this:

> A parliamentary assistant shall hold office at the discretion of the Governor in Council and shall cease to hold office when he ceases to be a member of the House of Commons.

I think that that would have been a very good amendment and that it would have improved the bill. However, the members of the House of Commons did not accept it—it was defeated by 103 to 26.

I would also like to refer to clause 3 of the bill, which provides:

> The parliamentary secretary to a minister shall assist the minister in such manner as the minister directs.

There was some objection taken to the word "directs" in this house when the bill was up for consideration last week, and a number of honourable senators thought it put the parliamentary secretary in a very secondary position, as if he were an employee

of the minister. Well, I suppose someone has to decide just what the parliamentary secretary's duties are. He is going to have some connection with the department over which the minister presides, and I do not take too much exception to that clause. Perhaps honourable senators would be interested in the provisions under the old system. There was an item in the estimates, from which I will quote in part:

To provide—

That is, to provide money.

—to each . . . parliamentary assistant . . . to assist a minister of the Crown in such manner and to such extent as the minister may determine and to—

Hon. Mr. Brunt: What is the difference?

Hon. Mr. Macdonald: Not a great deal of difference. There are also these words that I feel I should read:

—and to represent his department—

That is, the minister's department.

—in the House of Commons in the absence of the minister therefrom—

Well, I suppose the parliamentary assistant would represent the minister in the other house, but I am sure he did not answer for the minister unless he received directions prior to going into the house as to what to answer.

Hon. Mr. Brunt: Isn't that clause a little more restrictive than the one in this bill?

Hon. Mr. Macdonald: That may be; there was certainly some restriction under the old system. As I say, I think there would have to be some reference to his duties, but whether the words used under the old arrangement were more suitable than the word "directs" I am not prepared to say. Personally, I cannot take too much exception to this clause.

Then I would like to refer to clause 4, which provides for the salary. It is suggested in this house that the salary is not high enough. Well, if the parliamentary secretary is going to be in Ottawa only during the time that Parliament is sitting, probably the salary is high enough, and apparently it is not intended that the parliamentary secretary is to be in Ottawa all the time when the house is not in session. If he were expected to remain here, throughout the year, of course the salary would be entirely inadequate.

What would a member of Parliament have to do if he was to be a full-time parliamentary secretary? He would have to give up his business, probably move his family to Ottawa, set up a home in Ottawa and also keep a home in his constituency, if he hoped to be re-elected—and most of them do hope to be re-elected.

Hon. Mr. Brunt: I would say they all do.

Hon. Mr. Macdonald: I say he could not do all that on the additional $4,000 a year, and if I thought it was the intention of this bill to make the position of parliamentary secretary a 12-month job I would consider the salary altogether inadequate.

It is suggested that most ministers will have a parliamentary secretary. There are many ministers who do not need a parliamentary secretary. I think there are some ministers who can scarcely keep themselves busy, whereas others are completely overburdened, so much so that I do not see how they can possibly do all their work alone. The Minister of Finance, for instance, speaking in the house about a year ago when he brought down his first financial statement, said he was then working 18 hours a day, or 100 hours a week. He is working, probably still working at least that long. I am not a physician, but I do think that no man can keep up that pace very long. I would say that the Minister of Finance requires a parliamentary secretary, perhaps two parliamentary secretaries.

Hon. Mr. Hugessen: Maybe three.

Hon. Mr. Macdonald: As my honourable friend says, he probably requires three full-time parliamentary secretaries, but of course he could not get them under this bill, on this salary.

Hon. Mr. Roebuck: If he keeps up those hours he will need a nurse too.

Hon. Mr. Macdonald: Two full-time parliamentary secretaries and a nurse. There is no provision for that in this bill.

Honourable senators, in the British house —I looked up the record there—I find that at the present time there are five ministers who each have two full-time parliamentary secretaries, and one has three full-time parliamentary secretaries.

Hon. Mr. Brunt: Just as a matter of information, would the honourable senator tell me which minister over there has three secretaries?

Hon. Mr. Macdonald: I always come fully armed to answer questions. My friend will be interested to know that the hard-working member who holds the ministry for Scotland has three full-time under secretaries of state.

Hon. Mr. Connolly (Ottawa West): He needs them.

Hon. Mr. Davies: How many for Welsh Affairs?

Hon. Mr. Macdonald: I will name the under-secretaries to the Minister for Scotland. They are Lord John Hope, M.P., J. Nixon Browne, C.B.E., M.P., and Niall Macpherson, M.P.

I think it has been proven conclusively that some ministers need more parliamentary secretaries than others.

Hon. Mr. Euler: And other ministers do not want them.

Hon. Mr. Macdonald: Some ministers do not want them, and probably do not need them. I think, for instance, the Prime Minister would probably need two or three parliamentary secretaries. If the Minister of Finance works 18 hours a day, I think the Prime Minister probably works 19 hours. We have it on record that the Minister of Finance does work 18 hours a day, and 100 hours a week. The Prime Minister is a more modest man, but we know they are both very hard-working.

I hope that when parliamentary secretaries are appointed the Government will not necessarily appoint only one to each of the 16 ministers. In some instances it might well appoint two or probably three.

I personally believe that if the Government does not choose to appoint full-time parliamentary secretaries, it would be a good thing to appoint associate ministers, who could assume part of the responsibility of ministers. Honourable senators will recall that not too long ago the Department of National Defence had a full-time minister and an associate minister.

Hon. Mr. Roebuck: Two associate ministers.

Hon. Mr. Macdonald: During the war years there were a Minister of National Defence and two full-time associate ministers.

Hon. Mr. Connolly (Ottawa West): No.

Hon. Mr. Macdonald: I think the honourable senator from Ottawa West is, as usual, correct. During the war there was the Minister of National Defence, the Minister of National Defence for Air and the Minister of National Defence for Naval Services. There were three ministers in that department. A few years later there was one Minister of National Defence and an associate minister.

If parliamentary secretaries are to be only part-time, why should there not, in the more important ministries, be a minister and an associate minister? That is an idea I am pleased to offer to the Government, and I do not say that the Government always ignores suggestions that come from the Senate.

Mr. Speaker, you will recall that on Thursday last you tabled the report of the Canada-United States Interparliamentary group, and on the motion of the honourable Leader of the Government, seconded by myself, it was printed in the records of this house on that day. On the very next day the House of Commons, having seen what we did here, followed the same procedure. I hope that house will take note of my suggestion in this instance.

Hon. T. A. Crerar: Honourable senators, let me say at once that I have no wild enthusiasm for this bill. In fact, I cannot bring myself to any belief that it is of very great value. It is true that there is a precedent for it. The Government of Mr. Mackenzie King inaugurated—I have forgotten how many years ago—the scheme of parliamentary assistants.

Hon. Mr. Aseltine: 1943.

Hon. Mr. Crerar: I was no more enthusiastic about it then than I am now.

Hon. Mr. Brunt: Have you not mellowed at all?

Hon. Mr. Crerar: I think I may be pardoned a personal allusion. Mr. Mackenzie King asked me one day whom I would like to have for my parliamentary assistant. I told him I did not want any parliamentary assistant. He said, "Would not an assistant be of great help to you?" I said: "No; I can't see it that way. I think he would be more in the way than anything else." My reason for saying so was that, after all, in our administration the minister of a department cannot in any way shelve his responsibility onto anyone else; he has to accept that responsibility for administration to parliament and to the country. In the scheme of the administration, the deputy minister is really the administrative head, and the minister, in addition to the many duties he has outside his own department, such as attending Council and Parliament, is mainly concerned with questions of policy.

For the life of me, I cannot see how a parliamentary assistant, such as we are providing for in this legislation, can be of any assistance to a minister in his duties of administration. As far as questions of policy are concerned, the minister has to accept final responsibility for them.

Apparently one of the reasons why it is proposed that this business of parliamentary assistants be established by law—and I will have something more to say on that point in a moment—is that ministers in Great Britain have parliamentary assistants.

Hon. Mr. Macdonald: They have secretaries and under-secretaries.

Hon. Mr. Crerar: Yes. The under-secretary in Great Britain, I understand, corresponds to our deputy minister.

Hon. Mr. Macdonald: No.

Hon. Mr. Crerar: Perhaps I am wrong. At any rate, the parliamentary secretary has to be a member of Parliament. It is well worth recalling that Britain has not a federal system of government. Consequently, the Parliament at Westminster has to deal with a multitude of matters which in this country are dealt with by provincial legislatures. I can understand that, because of the multiplicity of things, such as education and the administration of law, which come under the central Parliament at Westminster, parliamentary secretaries are useful there.

This bill will no doubt pass, and I have a bit of doubt in my mind how far we should criticize or oppose it. I have some respect for the view expressed by the Leader of the Opposition on that point, but I draw attention to this, that we are providing in the legislation for the appointment of 16 parliamentary secretaries, and for their salaries. Today everyone within the walls of Parliament knows, or at least should know, that our country is facing some grave financial problems. I am still old-fashioned enough to think that there is a great deal of virtue in economy. There is no more responsible duty resting on legislators, than to carefully husband and administer the taxes that the people entrust to their care. The cost of providing 16 parliamentary secretaries will not be limited to $64,000, because each of these parliamentary secretaries will require an office and a clerical staff. However, that objection in this day and generation may not get a great deal of support—I am quite willing to recognize that—nevertheless . . .

Hon. Mr. Aseltine: Would the honourable senator mind adjourning the debate to allow the royal assent to be given to some bills?

Hon. Mr. Crerar: I will finish in two minutes.

—nevertheless, I maintain that is a valid objection.

The other point, which I think was raised by a speaker the other day when I was not in the chamber, is that this legislation should in some way define the duties of the parliamentary secretary. It states:

> The parliamentary secretary to a minister shall assist the minister in such manner as the minister directs.

That gives very wide latitude to the minister. Suppose a minister says: "Well, you are my parliamentary secretary. You have an extra $4,000 a year, so I will give you something extra to do"—and then sends him out to do some political chore somewhere in the country.

Hon. Mr. Brunt: No minister would do that.

Hon. Mr. Crerar: It might be sacrilege to think that a government with such high principles as the present Government would engage in that, but I have known, honourable senators, of governments in the past which would have done that sort of thing.

I do suggest, before I sit down—and I must not interfere with the representative of His Excellency—that the legislation should give some definition of the duties of parliamentary secretaries.

There is one other point. For the life of me I cannot see why, if we are to have these parliamentary secretaries, we should have to renew them every twelve months. I am not of a suspicious mind, honourable senators, but may it be that these jobs are to be passed around, that one group will enjoy the emoluments for one year, and a new group will come in and enjoy them for the next year, and another group after that?

Hon. Mr. Brunt: No, no; that lets us get rid of the inefficient.

Hon. Mr. Crerar: I have great respect for my honourable friend from Hanover (Hon. Mr. Brunt) but, honourable senators—and this is my final word—I would like a little more assurance than that which he is able to give.

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

The Senate adjourned during pleasure.

At 9.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

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

An Act for the relief of Esther Mendelson Levy.
An Act for the relief of Joseph Louis Charles Gabriel Gascon.
An Act for the relief of Gerald Leblanc.
An Act for the relief of Morris Gordon.
An Act for the relief of Rita Lucia Palmieri Bellefleur.
An Act for the relief of Alex Groot.
An Act for the relief of Wauneta Langill Bourque.

An Act for the relief of Pierrette Bertrand Suchereault, otherwise known as Pierrette Bertrand Chussereault.

An Act for the relief of Yolande Bosse Murphy.

An Act for the relief of Joseph Rolland Wright.

An Act for the relief of Rosalie Jakes Reisinger.

An Act for the relief of Jacqueline Ann Rosenfeld Bernstein.

An Act for the relief of Margit Elizabeth Mary Temke Malcolm.

An Act for the relief of Celia Claire Kanisberg Dickman.

An Act for the relief of Constantin Deacur.

An Act for the relief of Bernard Fourcade.

An Act for the relief of Sylvia Mary Mefrige Makad.

An Act for the relief of Marjorie Seymour Hammond Pearson.

An Act for the relief of Helene Dagenais Roy.

An Act for the relief of Violet Winnifred Kean Newton Armstrong.

An Act for the relief of Marlene Marle Korn.

An Act for the relief of Elaine Shirley Dorfman Moscovitch.

An Act for the relief of Eric Alexander McConnell.

An Act for the relief of Etta Rose Palevsky Lerman.

An Act for the relief of Edward Bruce Bonneville.

An Act for the relief of Pamela Margaret Clark Creber.

An Act for the relief of June Bernice Rath O'Hanley.

An Act for the relief of Michael Zuk.

An Act for the relief of George Frederick Davies.

An Act for the relief of Jan Roberti.

An Act for the relief of Marie Marguerite Louise Leclerc Andrews.

An Act for the relief of Lorlotte Juliane Selma Wilhelmine Gude Hirtreiter.

An Act for the relief of Mary Alice Hadley Hutchison.

An Act for the relief of Flore Crevier Plamondon.

An Act for the relief of Karl Efraim Hill.

An Act for the relief of Ina Charlotte Charleson Hyde.

An Act for the relief of Gisela Antonie Anita Popp Sainitzer.

An Act for the relief of Alfred Laliberte.

An Act for the relief of Lawrence Crites.

An Act for the relief of Marie Jeanne Madeleine Saint-Pierre Pare.

An Act for the relief of Marie Louise Marguerite Therese Bernaquez Aubin.

An Act for the relief of Jean Scott Bain Kunst.

An Act for the relief of Josef Libich.

An Act for the relief of Roger Desjardins.

An Act for the relief of James Alfred Keelty.

An Act for the relief of Agnes Forget Haymond.

An Act for the relief of Maurice William Bell.

An Act for the relief of Robert William Stamp.

An Act for the relief of Tanya Burstein Yerzy.

An Act for the relief of Yvonne Catherine Marie Vrancken Bruggemans.

An Act for the relief of Mary Friedman Nussenbaum.

An Act for the relief of Paul Rewoski.

An Act for the relief of Tibor Kadar.

An Act for the relief of Daniel Myer Glovinsky.

An Act to incorporate The Evangelical Mennonite Conference.

An Act to incorporate Foothills Pipe Lines Ltd.

An Act respecting The Canadian General Council of The Boy Scouts Association.

An Act respecting Co-operative Fire and Casualty Company.

An Act to incorporate British Pacific Life Insurance Company.

An Act to incorporate the Congregation of the Sisters of the Holy Family of Bordeaux in Canada.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 243 to 255, which were presented on Thursday, April 30.

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

Motion agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, May 6, 1959

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

Prayers.

INFLATION

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Clarence V. Emerson, Chairman of the Standing Committee on Finance, presented a report of the committee.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Finance, to whom was referred the instruction to study the threat of inflation in Canada, report as follows:

Your committee recommend that they be authorized to print 800 copies in English and 200 copies in French of their day-to-day proceedings.

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

Hon. Mr. Emerson: With leave, I move that the report be adopted.

Motion agreed to.

INDIAN AFFAIRS

CHANGE IN MEMBERSHIP OF JOINT COMMITTEE

Hon. Arthur L. Beaubien, with leave of the Senate, moved:

That the name of the Honourable Senator Turgeon be substituted for that of the Honourable Senator Reid on the list of senators appointed to serve on the Joint Committee of both Houses on Indian Affairs; and

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

Motion agreed to.

DIVORCE

BILLS—FIRST READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill SD-234, an Act for the relief of Marcelle Flore Terreault Wright.

Bill SD-235, an Act for the relief of Daisy Naydia Pretula Link.

Bill SD-236, an Act for the relief of Alexander Hill Forbes.

Bill SD-237, an Act for the relief of Barbara Ann Mary Curran Albrechtson.

Bill SD-238, an Act for the relief of Dorothy Vera Doyle Trudel.

Bill SD-239, an Act for the relief of Mary May Helen McCormick Moran.

Bill SD-240, an Act for the relief of Ethel Marguerite Nimick Hemmings.

Bill SD-241, an Act for the relief of James Donald McAllister.

Bill SD-242, an Act for the relief of Heather Joan Maxwell Firth.

Bill SD-243, an Act for the relief of Suzanne Mary Florence Peyton Young.

Bill SD-244, an Act for the relief of Elizabeth Ann Nelson Bissett.

Bill SD-245, an Act for the relief of Moira Elizabeth Latham Bruce.

Bill SD-246, an Act for the relief of Audrey Edwardeen Scanlan Grayburn.

Bills read first time.

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

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

DOCUMENTS REQUESTED

REPORTS ON COLUMBIA RIVER

On the Orders of the Day:

Hon. Thomas Reid: Honourable senators, before the Orders of the Day are called I would like to place before the Leader of the Government (Hon. Mr. Aseltine) a request, that he be good enough to bring down two reports. One was placed before the House of Commons Committee on External Affairs on Thursday, April 23, and copies were distributed. That is the Engineering Report of the Boundary Commission on the Columbia River. The other is the report of the British Columbia Engineering Company, and I call that the hidden report, because it has been hidden for two years. The people of this country put up $280,000 to the British Columbia Electric Company, under the name of the British Columbia Engineering Company, with the view of taking the water from the Columbia River and diverting it to the Fraser. The report on that is in the hands of General McNaughton. I wonder if the honourable leader would be good enough to get a copy of that. That is the key report so far as British Columbia fisheries are concerned, and for some unkown reason it is being hidden.

Hon. Mr. Aseltine: All I can say is that I will see what I can do about it.

PARLIAMENTARY SECRETARIES BILL

REPLY TO QUESTION

On the Orders of the Day:

Hon. W. Ross Macdonald: Honourable senators, before the Orders of the Day are proceeded with, may I refer to the remarks which I made last evening in this chamber

when speaking on Bill C-37, to provide for the appointment of Parliamentary Secretaries to Ministers.

I referred to the fact that the Minister of State (Scottish Office), the Right Honourable Lord Strathclyde, has three full-time under secretaries. The honourable senator from Kingston (Hon. Mr. Davies) asked me how many under secretaries there were for the Minister for Welsh Affairs. I did not hear his question and of course I did not answer it, but I would be pleased to do so now. The Minister for Welsh Affairs does not have a parliamentary secretary.

MOTION FOR SECOND READING—
DEBATE CONTINUED

On the calling of the Order for resuming the adjourned debate on the motion of Hon. Mr. Aseltine for the second reading of Bill C-37, to provide for the appointment of Parliamentary Secretaries to Ministers:

Hon. Mr. Robertson: Honourable senators, I would ask that this order, which is in my name, stand.

Hon. Mr. Davies: Honourable senators, may I speak on this motion now?

The Hon. the Speaker: As they say in the United States, will the Honourable Senator Robertson yield to the honourable senator who wishes to speak?

Hon. Mr. Robertson: I would be happy to yield to my honourable friend but I would like to have it unanimously agreed to by the house that after he has spoken the debate will stand adjourned in my name.

Hon. Senators: Agreed.

Debate on the motion was then resumed.

Hon. W. Rupert Davies: Honourable senators, I have no objection to the bill at all. We have had parliamentary assistants for some time and now we are going to pay them under authority of a statute. I have always believed that the labourer is worthy of his hire, and I do not think these parliamentary secretaries will be overpaid, by any manner of means. I am not altogether happy about one section of the bill, to which I shall refer a little later.

Some reference has been made to under secretaries in the United Kingdom and what they are paid. Honourable senators, the system of secretaries, under secretaries and parliamentary assistants in Great Britain is fearful and wonderful, just like the United Kingdom Income Tax laws and regulations, to which I shall refer now. I want to say only two things about those laws and regulations. I am not quite sure whether I am in order or not, and I hope His Honour the Speaker will pardon me if I am not, because what I am going to say has something to do with the $70,000 or $80,000 we are asked to pay for parliamentary secretaries. This money will come out of the pockets of the Canadian taxpayer, and it is the position of the Canadian taxpayer to which I refer. I was very surprised indeed to note that the British Government in its 1959 budget took ninepence off the pound in the income tax, and reduced the tax on cigarettes and beer, this despite the fact that in 1957 the British Government came to the Government of Canada and said that it was hard up and could not pay the $22 million which it owed on the loan of $1¼ billion which we made to Britain in 1946.

The other thing I want to say in connection with that matter is that we have with the United Kingdom as with several other countries, an income tax convention. I remember very well when that tax convention went through this house in 1946. When it was brought before us I protested, but nothing could be done by us, other than to ratify it, for it had already been accepted and signed by the two governments. Honourable senators, I am going to suggest that if that income tax convention which we passed in 1946 is ever revised in any way it should come before Parliament and be discussed, because there are clauses in it which are beyond belief. There is altogether too much in the convention which is regulated by what they decide over there, not by what we think is the agreement between Canada and Great Britain.

Coming back to Bill 37, I have no objection to it, but I do not like section 5, which provides for the travelling and other expenses of a parliamentary secretary:

> (a) incurred by him in the discharge of his duties during a session of Parliament when away from Ottawa, or
>
> (b) incurred by him in the discharge of his duties while away from his ordinary place of business during a period when Parliament is not in session.

I do not know what particular duties a parliamentary secretary would have when Parliament is not in session. However, I hope that appropriate regulations will be made by the Governor in Council and that the accounts will be very carefully scrutinized.

Hon. Mr. Roebuck: Don't they have to make political speeches?

Hon. Mr. Brunt: That was only done under the previous Government.

Hon. Mr. Davies: There has been some reference to parliamentary under secretaries in Britain. When I was over there in March I had the pleasure of dining with the parliamentary assistant to one of the ministers.

After we had dined he said, "I will take you along to the House of Commons".

Hon. Mr. Aseltine: Is he called an assistant?

Hon. Mr. Davies: He is an assistant.

Hon. Mr. Aseltine: Or an under secretary?

Hon. Mr. Davies: He is an unpaid assistant. I will come to that. He took us along to the House of Commons, and to his great amazement the place was like a morgue; it was closed up. They are very careful over there. However, we went in. Then he said he would take us down to his office. We found ourselves in a corridor; it was quite dark and he switched on a light, turned on another light, and eventually found the office. I felt like Guy Fawkes. Now, this young man is a parliamentary assistant to one of the ministers. He is not an under secretary or a secretary to an under secretary, but he was very happy about the appointment because it meant he got an office of his own. None of the ordinary members of Parliament have offices. They sit around the halls and dictate their letters wherever they can. But this man, because he is a parliamentary assistant, has an office. I have a very fine single office on the main floor of our Parliament Building. His office is about half the size of mine, furnished with an old desk and chairs which I would not have at all. However, he is very pleased to have it. But remember that he does not receive any salary as a parliamentary assistant, and he pays for his own postage, as well as £2 a month for the parliamentary stationery which he uses. However, he was very happy about it all. As a parliamentary assistant he is given a railway pass, as all members of Parliament are. This enables him to travel free from London to his constituency and back, but nowhere else. The Leader of the Liberal Party in Britain told me that one time when he was coming up to his constituency from London he made a mistake and got off at a station in Shropshire. He motored from there to his home, and received a letter about it from the man in Parliament who is in charge of these passes, each of which is issued to a member of Parliament for a specific trip only.

The United Kingdom Parliament pays good salaries for a country which cannot afford to pay a $22 million debt when it becomes due. The Prime Minister receives £10,000 a year, and the Chancellor of the Exchequer receives £5,000. The Leader of the Opposition gets £3,000. For the last couple of years the ordinary member of Parliament has been receiving £1,750 a year, which is roughly $5,000 a year. That is liable to income tax, although a member can make some application for deductions for genuine parliamentary expenses. Members of the House of Lords, of course, get no salaries but they are paid three guineas a day expenses for every day they put in an attendance.

The reason why there are so many parliamentary under secretaries over there is that there are always a lot of Government members who sit in the House of Lords and have no say in the House of Commons. There are 17 members in the cabinet, four of whom are in the House of Lords. I have been wondering, as I read this bill C-37, whether it might be in the back of the mind of the Prime Minister that he is going to appoint some ministers from the Senate. If he does I think it would be a very good thing indeed.

There are 17 ministers in the United Kingdom cabinet, and there are other ministers of cabinet rank to the number of 14. Four of those 14 sit in the House of Lords and cannot answer questions in the House of Commons. There are 29 other ministers and parliamentary under secretaries, two of whom are in the House of Lords.

It was very kind of the Leader of the Opposition (Hon. Mr. Macdonald) to answer my question this afternoon, but I do not know whether his information is quite correct or not. I was very glad to see, when I was looking up the information, that the Under Secretary for Wales, Morgan Jones, is paid £3,400 a year, and the salary of his assistant, whose name is Davies, is £1,845. So the Welsh do get something out of it.

Honourable senators, you will be interested to know that since the time of Sir Robert Walpole there have been 43 Prime Ministers in the British House of Commons, 18 of whom sat in the House of Lords. I remember well hearing about the resignation of Gladstone, when I was a bit of a boy in Wales. It was talked about in our house. He resigned at the age of 84 and his place was taken by Lord Rosebery, who held it for less than a year, and then he too resigned. He was succeeded by the Marquis of Salisbury, the last Prime Minister who sat in the House of Lords.

I travel around a good deal, and perhaps the Senate will pardon me if I relate two personal incidents which struck me as humorous. Recently I was in London, visiting an old friend of my mother, who is 101 years old. She said to me, "I remember you very well as a little boy, standing on the street in your kilts." Incidentally, my mother was a Robertson, so I had to wear the kilt. And let me say, to wear the kilt at a Welsh boys' school does not make life easy, but it does teach one how to fight. This old lady went on to say that she remembered seeing

me standing on the street watching the soldiers coming back from the Crimean war. Well, they came back from the Crimean war in 1852, and my mother was born in 1854. So, she was a little out in her recollections.

I had a much more pleasant experience on a market day in our little Welsh town, when I encountered a drover who exchanged the time of day and a few other pleasantries. "It is a pity we did not meet earlier" he said; "we could have gone into partnership and made a lot of money." I said, "Yes, perhaps we could have." He said, "You know, we are about the same age." I inquired how old he was, and he said he was 67. Well, honourable senators, I threw out my chest and tried to look as much like 67 as possible, and then I grasped him by the hand and bid him good day.

The Hon. the Speaker: Adjournment of the debate on this motion will still stand in the name of the Honourable Senator Robertson.

ATLANTIC PORTS

RESOLUTION URGING GREATER DEGREE OF USE—DEBATE CONTINUED

The Senate resumed from Thursday, April 30, the adjourned debate on the resolution of Hon. Mr. Isnor:

Resolved: That it is expedient that the Government, through the Department of Transport, or any other agency or means, bring about a greater degree of use of the Atlantic ports.

With this in mind it is urged that "open" and "closed" periods be agreed upon, and that the ports of the St. Lawrence be considered "closed" ports from November 15 until April 15, and "open" ports as from April 16 to November 14 of each and every year until such times as this arrangement is revoked.

Hon. Mr. Beaubien: Honourable senators, on this order, which stands in my name, I yield to the honourable senator from St. John's West (Honourable Mr. Pratt).

Hon. Calvert C. Pratt: Honourable senators, I am glad of the opportunity to speak on this resolution relating to the use of Atlantic ports and which has particular application to the operation of the St. Lawrence Seaway.

The St. Lawrence Seaway is a great national undertaking. The honourable senators from Halifax-Dartmouth (Hon. Mr. Isnor) and Halifax North (Hon. Mr. Connolly), the mover and seconder of the resolution have, I am sure, no thought whatever of discrediting the long-range view of the need for such a service in the development of Canada. I have no hesitation in saying that to curb its usefulness, as proposed in the resolution, by the fixing of arbitrary dates for the opening and closing of the St. Lawrence ports, is something I could not support.

The general implication of the motion before us is, I feel, to have a close appraisal of the seaway's operation in relation to established services of Halifax, Nova Scotia, and Saint John, New Brunswick, and also to appraise its usefulness in relation to development of other services and resources of the dominion.

I agree entirely with the suggestion of the honourable senator from Halifax North that a select committee of the Senate engage in a continuing study to determine the impact of the St. Lawrence Seaway upon the Atlantic ports. The terms of reference of that committee, if set up, should include consideration of auxiliary transportation services, which would encourage industrial promotion from time to time in areas affected by the seaway.

I see no reason whatever why a great movement for the economic advancement of Canada should have a retarding effect on any port. One port will advance more than another port, it is true—that will always happen—but what is good for the whole should be good for all ports, provided a properly balanced outlook is maintained for over-all helpfulness.

As a newcomer to Canada, having only ten years of citizenship, I have seen far less general understanding and appreciation of the problems of various provincial sections of Canada than I had expected. In the days before the Union we Newfoundlanders were on the outside of Canada looking in. Our economy was tied in with England, the United States and foreign countries far more than with Canada. During the past ten years we have been looking around on the inside, and very much so, but so far Canadians generally are looking in at us too much from the outside.

In some respects, and from the point of view of citizens generally, that may be natural. We are on an island off to the east, and so little known that it is going to take quite some time before the people of the rest of Canada are well acquainted with us and know our needs.

Don't misunderstand me. From the point of view of citizen relationship there is definitely a kindliness, even though there is not much understanding. On that score I am not complaining. What I do feel, however, is that it is high time for a correction of Government policy, and particularly of Government administration, so that Newfoundland will be no longer regarded as a province having ninety years' relationship with the others. Its particular needs for adaptation to a place in a balanced Canadian economy are not being met and, indeed, are not understood. I can assure you, honourable senators, there is no partisan significance in that remark. For the ten years since the Union official understanding has been coming along in a deplorably slow manner. The unawareness of Newfoundland's

particular circumstances, and even of the contractual and moral obligations to Newfoundland, has been outstandingly evident in recent months.

While speaking on the motion before us, I know it is not appropriate for me to dwell on the undue delay in the implementation of the provisions of the Terms of Union which is so obvious to us all, but I hope there may be an opportunity to say more on that issue very soon.

The subject before us for consideration at this time is tied in with the needs of transportation and transportation facilities, and with the St. Lawrence Seaway in particular.

The honourable senators who spoke on the motion stressed the importance of the eastern ports in national defence. That is unquestionably a valid argument for adequate maintenance and development of those ports. Apart from that, such use creates social and economic responsibilities which continue and must be met. It is quite true, as the honourable senator from Halifax-Dartmouth said, the city of Halifax has suffered from devastating calamities such as have not been experienced by any other city of Canada. From those sad experiences came a rebuilding and a gearing up of shipyards and other services for future use, which cannot be overlooked.

From the point of view of national defence, I am sure we all agree with his citation from the Turgeon report which, quite properly, stressed the importance of the eastern ports. It was recommended in that report that consideration be given them on a national, rather than a provincial basis. That is entirely proper and logical. With Newfoundland now a province, such a recommendation has a very special significance to Newfoundland seaports, and certainly to its airports. As a matter of fact, with the American participation, no part of Canada, and, in fact, no part of the continent, has a more vital relationship to defence than the Island of Newfoundland and Labrador.

On last Sunday the Battle of the Atlantic was commemorated throughout Canada. Newfoundland was a focal point in that phase of the war. Lord Beaverbrook called the Battle of the Atlantic "The Battle of Newfoundland". I quote his words:

> Without Newfoundland as a base for both air and naval operations, it would have been impossible for the Allies to have won the Battle of the Atlantic, which was a determining factor in the world war.

I quite agree with the point made that to keep facilities in preparation for the greatest usefulness in times of war emergency there must be maintenance and development in times of peace. Such development must be thought out and planned so that it will naturally encourage trade and industry, and also give employment of a permanent character.

There are some specific considerations in that connection, particularly applicable to Newfoundland, that would make very important subjects for examination by such a committee as proposed by the honourable senator from Halifax-North.

I would mention first a proposal which has for a long time been in the public eye but never has been officially studied by Government. I refer to a possible free port development in Newfoundland. We all realize the St. Lawrence Seaway would never have been undertaken if there had not been an official investigation of its utility and cost. I think there is a very definite requirement for a thorough survey into the possibilities of further facilitating the overseas trade, not only of Canada but of the North American continent. Linked in with that should be an examination of the usefulness of a free port on the Atlantic Ocean.

For many years two ports on the south coast of Newfoundland have been talked of and written about as having great advantage for that purpose. One is Mortier Bay and the other Bay D'Espoir. These are both ice-free ports—ice-free all the year—located on the south coast of Newfoundland, and, of course, they lie on a direct course out of the Gulf of St. Lawrence to the ocean. Those ports are in the direct line of overseas traffic. That area is closer to South America by several hundreds of miles than is New York, and closer to Brazil than is New Orleans, which is a great American centre of traffic from the United States to South American.

Well-developed facilities in such a port might attract tremendous traffic through the Great Lakes from the ports of the United States. Those facilities could provide scheduled transportation for overseas traffic when the upper reaches of the St. Lawrence Seaway will always be closed by winter conditions. While, as has been pointed out, Halifax is very important, as it handles about 4 million tons of freight a year, there are more than 20 harbours on the American side of the Great Lakes handling over 3 million tons a year each. Duluth alone, which is one of the chief ports of the United States, handles 60 million tons a year. Any substantial diversion of American traffic through such a port in Canadian territory would have a tremendous advantage to Canada.

We have undertaken a tremendous project in the St. Lawrence Seaway in close relationship with the United States, and I think there is every reason for a very close and

joint investigation into the mutual use of a modern seaport on the south coast of Newfoundland. This would be complementary to the joint services provided by the seaway in the open period of navigation.

I might say that the use of free ports is increasing in international trade. As we know, there are some in the United States, and now the Bahamas, I understand, are setting up a very big operation in that respect. A well-known free port is Hamburg, Germany. In the Netherlands there is one. Panama is receiving great advantage from that policy. By setting up a free port in Newfoundland we would be following an approved pattern in international trade and to a great extent overcoming the effect of winter closure of freight from the interior. It is certainly time for a thorough investigation into such an operation.

While traffic as now existing in Newfoundland would not be a determining factor in a decision for such a promotion, nevertheless there are developments in Newfoundland that could add greatly to such a port and also assist tremendously in establishing more stability in Newfoundland's industrial economy.

We have right now important mineral operations involving lead, zinc, fluorspar and copper, and other developments, which could be connected by a comparatively short railway line to the south coast of Newfoundland. Also, a more important consideration would be the use of such a port for the products of Labrador. There is no question that the great resources of Labrador will one day be of outstanding importance in the economy of Canada. The iron ore development in the interior has already made a great start in that direction. What is needed to encourage the greatest progress is a strategic distribution centre during the long period when the coast is closed to shipping.

In addition to all that, there is in the Bay D'Espoir area a proven hydro-electric potential of 350,000 horsepower, which could be brought in to support developing industry.

While on the subject before us, which is related to transportation, I would like to say a word concerning the need for more consideration being given to the railway freight rates as applicable to the Maritime provinces and, particularly, to Newfoundland. Nothing retards progress so much as isolation. The greatest cause of isolation of one community or section of the country from another is the application of high transportation costs. As we all know, the principle of sharing transportation facilities and costs on a national basis was an outstanding consideration when Confederation of Canada came into effect in 1867. Railway service was to be inaugurated and supported as a public service to equalize opportunities of the eastern and central provinces. That principle, both legally and morally stands, but its application has been thoroughly rejected. Freight rates between the Maritime provinces and central Canada have increased 154 per cent during the past 11 years, the last increase being 17 per cent, effective as of last December. While in itself that percentage is striking and very significant, it only indicates part of the handicaps to the province of Newfoundland, which is at the end of the line. There is something terribly wrong in such a horizontal increase. As an example, in 1956 there was an 11 per cent increase in freight rates. I saw it worked out in a document that that increase from Toronto to Montreal, on the basis of the established freight rate, amounted to only 8 cents per 100 pounds, while from Toronto to St. John's, Newfoundland, the increase amounted to 44 cents per 100 pounds. The disparity in the application of increases continues in ever greater ratio as the increases are applied.

Newfoundland now gets most of her imported goods from the other provinces of Canada rather than from outside countries, and because of this almost complete switch in the source of her purchases, the urgency is all the greater for a constant review of the changing conditions applying to her economy. I shall not take your time just now to go into the details of this, but Newfoundland, being a province with the minimum of local manufacture, is extremely vulnerable in the matter of commodity cost factors. I noticed recently a statement by an economist who estimated that the tariffs for the protection of Canadian industry cost Canadian consumers a billion dollars a year. If that figure is approximately correct, and making due allowance for the much lower *per capita* spending power within Newfoundland than within the rest of Canada, a reasonable estimate of the cost of these tariffs to Newfoundland consumers runs anywhere from $16 million to $20 million a year. Our local difficulties are very apparent when we add to the tariff costs the constantly increasing freight rates which are becoming particularly retarding to the economy of Newfoundland, which, as I have said, is at the end of the line as far as Canadian transportation is concerned.

I am in entire accord with the principle advanced by the two honourable senators who have spoken to this motion, that an overall traffic development policy is of national importance but should be closely reviewed in the light of provincial circumstances and needs. I feel that an outstanding government

function is to see there are facilities for expediting transportation by the most economical services, and also that the greatest possible encouragement is given to maintenance of strong competitive and efficient services. It must always be remembered that within the sphere of transportation promotions and improvements the most essential consideration is that of economically servicing industry, which provides the basis of our economy.

This country unquestionably requires, I repeat, constant reviews and long-range planning for its needs in the field of transportation. The gross national product of Canada, as anticipated by the Gordon Report, will in 25 years be three times what it was in 1955. The *per capita* earnings are expected to rise from $1,714 to $2,859. The labour force is expected to increase by 4 million by that time.

Because of the tremendous areas of Canada and the regional variations in stages of development of resources, it is most urgent that properly balanced transportation facilities between one part of the country and another be under constant review by the Government. Such a policy is necessary in a positive approach to an equalizing of opportunity and a strengthening of the overall economy.

Hon. Wishart McL. Robertson: Honourable senators, habit plays such a strong part in one's make-up that I have always instinctively moved to support anything proposed by the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) or the honourable senator from Halifax North (Hon. Mr. Connolly). My association with these two honourable gentlemen has been very long. The honourable senator from Halifax-Dartmouth and I entered public life over 30 years ago in the Nova Scotia Legislature. I sat at his feet in all matters of political wisdom but I never acquired one-tenth of what he possessed. The honourable gentleman from Halifax North is relatively a newcomer. He came on the scene later, but I am bound to confess that once he got his foot in the political door he made up for lost time, since prior to his appointment to the Senate he occupied the high and exalted position of Premier of Nova Scotia.

But though I have always instinctively moved to support these two gentlemen, I am bound to say that I cannot do so in this case. It is not that I am opposed to bringing about a greater degree of use of the Atlantic ports, which is what is sought in the first paragraph of the resolution. But I think the resolution advocates protection of the worst type, and I hate any kind of protectionism. I must confess I have lived with it for a long time, and no doubt I shall live with it a lot longer, but I have an increasing dislike for it each year. I will admit that perhaps it is natural enough to depend constantly upon subventions and subsidies and every device known to modern science to bring about a degree of economic development in the Maritime provinces in general, and in Nova Scotia in particular, but I do not like these things. I do not say I oppose them, but it goes against my grain to support them. Since I have been in public life I have always held that view and I shall always do so. I used to despair of anything happening that might change it, but now I think there is a possibility. I think the tide of world events is going to bring it about.

I recall the many, many conversations the honourable senator from Halifax-Dartmouth and I have had on the subject. He always held the view of a hard-headed businessman. Well, he would say, this theory is all right, but in the meantime people have to live. The result of it all was that the honourable senator was closer to the public than I ever thought of being, and I know that if we presented ourselves to the convention for nomination he would beat me hands down. Nevertheless, my instinct was that as far as the province of Nova Scotia was concerned, as well as the other Maritime provinces, our basic position was changed the day that Canada embarked upon a policy of protection that put the Maritime provinces on the circumference. The time is coming, and I will argue it when I present the resolution of which I gave notice yesterday, that, strange to say, for the first time in my public life the interests of the province I represent and those of the great section in the middle of Canada are going to run parallel. That will be a happy day for us.

I am instinctively against any kind of subventions and subsidies. I suppose that is on account of my upbringing. I was brought up in the household of my paternal grandfather, who was opposed to Confederation, because he feared it would kill our waterborne commerce. My maternal grandfather came from Edinburgh and started out in a little town in Nova Scotia about the year 1840. He was without money, for his profession as a school teacher provided him with only £40 a year. Within fifteen years he had ships going all around the world, without the help of subsidies or assistance of any kind. That was because our maritime position was our greatest asset, and was free for those to use who had ambition and energy. But that disappeared. As my honourable friend from Churchill (Hon. Mr. Crerar) once said in a most notable speech, "It took the breath of the sea out of our

nostrils". Therefore I take an entirely different view from that of the sponsors of the resolution. I want our waterborne commerce markets opened to use. I thought I might never see it, but now I am beginning to have hope.

On the question of this resolution, I understand it contemplates for us some action being taken by some person in authority that would, so to speak, chop a week or so off one end of the St. Lawrence Seaway season, and a week or so off the other end of the season, in the hope that as a result an additional number of ships would use the port of Halifax and the port of Saint John, which would derive additional revenues therefrom. I suppose that must be the intention; I do not know what else it could be.

Honourable senators, I do not like it in principle. I feel bound to say that because of the long and traditional relations of friendship between the province of Quebec and the Maritimes, it goes particularly against my grain to do anything to injure that province, even though it might be for the benefit of Nova Scotia. If I had to take from anybody, I would prefer to take from Upper Canada rather than Lower Canada.

Hon. Mr. Brunt: Oh, no!

Hon. Mr. Roberston: For instance, I would perhaps get to the point that if it had to be done I would rather take this business from the honourable senators from Toronto (Hon. Mr. Hayden), or Toronto-Spadina (Hon. Mr. Croll), or Toronto (Hon. Mr. Campbell) than from my seatmate (Hon. Mr. Power) and the honourable senator from Kennebec (Hon. Mr. Vaillancourt). However, perhaps I had better stand to my principles and draw no distinction.

Hon. Mr. Hayden: It is safer.

Hon. Mr. Robertson: My hopes, therefore, are that at some time the interests of the central part of Canada in matters of fiscal policy will run parallel with those of the Maritime provinces. I am confident that the present Government is willing, as the Government which preceded it was, to do everything possible to assist in the way of subventions or subsidies, or *ex gratia* payments, or the giving of more money to provincial governments, and so on; but as things stand today, if Nova Scotia attempted to get anywhere industrially it would have an almost impossible task. I know there are some hard-working, conscientious people who are begging and cajoling industry—and with some success—to establish in the Maritime provinces. Whether their efforts will continue indefinitely remains to be seen. However, the simple fact is that year after year there is a steady exodus of industry from the Maritimes. Despite the fact that employees of the steel industry in Nova Scotia have for years taken a lower scale of wages than the Steel Company of Canada pays, DOSCO is calling for tenders for a $80 million steel mill in the valley of the St. Lawrence, and attempts are made to set us in the Maritimes at ease by telling us that it will not hurt us. Honourable senators, I am saying this, that if we were part of an economic union with about 500 million people comprising the NATO partners in the Western world, which circumstances seem to be forcing us into, the province of Nova Scotia would be in a most eminently desirable position. It would be right in the centre of that whole trading area, and it would have waterborne markets. My idea would be not to close the St. Lawrence, but to keep it open as long as possible, for the reason that it would provide access to other markets open for our waterborne commerce. By a curious coincidence, last night when I arrived home, after the Senate rose, I turned on television. Mr. Hees, the Minister of Transport was being interviewed by newspapermen, and he was making an exceedingly good job of it; he was very cool and collected. Just at the point at which I turned my television set on, the newspapermen must have been questioning him as to the likelihood of improved scientific methods making it possible to keep the St. Lawrence Seaway open all the year round.

Hon. Mr. Connolly (Halifax North): That is right.

Hon. Mr. Robertson: Mr. Hees was very cagey. He stated, in words to this effect: "Even if that is so, and I doubt it, I would not spearhead any campaign to take away from the Maritime provinces the business that comes to them at a time when the St. Lawrence is closed to shipping." The newspapermen were pressing him on that point. They said, "Well, if it is good for seven months of the year, why isn't it good for all the year, even for the Maritime provinces, and anywhere else?"

He stood his ground on that one and said it may be, but again he said he would not spearhead such a campaign.

Now, as far as I am concerned, with my vision of the future development of all parts of Canada, I would like to see the St. Lawrence waterway kept open as long as possible, because it is necessary to have waterborne carriers to take our goods to the markets of the world.

I have always felt, and we in Nova Scotia have always felt, that reciprocity with the

United States would be of very great assistance, but I would take the view that I would want reciprocity with all other markets in order that the real potential of our position industrially could have the greatest advantage. Actually that is the trend of world opinion at the present moment.

I am bound to say that despite the great eloquence of my honourable friends from Halifax, Senator Isnor and Senator Connolly, I must disagree with them a little, not on facts but on the degree of emphasis. You have to remember this, that they were two of the most outstanding and active representatives that the city of Halifax ever had. It is fortunate for my honourable friends opposite that both are in the Senate now and do not have to stand for office, because they were dangerous men in an election. But the fact remains that not everybody in Nova Scotia thinks that Halifax is the sum and substance of Nova Scotia. Similarly, I have no doubt that, convinced though the senators from Saint John may be that that city is the sum and substance of the province of New Brunswick, others in the province would not agree.

I may say that I exclude Senator Quinn, who comes from Bedford, and myself, who lived about ten miles outside of Halifax, from those contaminated with the Halifax viewpoint. I represent Shelburne, which is in the western part of Nova Scotia.

I would like to make a brief quotation from the aspect of my honourable friend from Halifax North (Hon. Mr. Connolly):

> Let me say that in the city of Halifax, the capital of Nova Scotia, upon which rural Nova Scotia largely depends, there are two great factors in our economy: first, defence expenditures, that is, actual expenditures for supplies and defence purposes; and secondly, the port of Halifax. If by some mischance the revenues of the port of Halifax should seriously deteriorate, and if in association with that situation we should reach an era of normalcy under which defence expenditures were drastically cut, I say to you, with every bit of seriousness and vehemence that I can summon up, that Halifax and Nova Scotia would be in a pitiful condition.

Now, honourable senators, I would be the first to admit and to take pleasure in the fact that Halifax is prosperous, but I do not subscribe to the opinion that the rest of the province would be in the extreme condition that my friend has pointed out, if there was some cessation of activity in Halifax. There are other very basic and prosperous industries in Nova Scotia than my friend indicated. One is the fisheries industry, which I suspect is more concerned with whether or not the American Congress decided to put an embargo on some types of our fish than with the question of some additional shipping going through the port of Halifax. Fishing is a basic industry with us.

We also have a prosperous forest products industry. Senator Smith comes from the town of Liverpool, and in that locality is situated the most prosperous forest products industry. While I admit the progress and development in Halifax in recent years has been nothing more than fantastic, yet the town of Truro, where I live, has a very stable industry operated by the famous firm of Stanfields, which ships its products everywhere in Canada. Its employees, I am told, make a considerable contribution, like the steel workers in Sydney in that they accept lower wages than are paid elsewhere in Canada, thereby making it possible for the firm to carry on successfully.

So I think we should take with a grain of salt the natural exuberance and enthusiasm of my honourable friends in relation to Halifax. I am glad to see it prosperous too, but, as I have said, I represent the county of Shelburne, in western Nova Scotia, whose chief business is the fishing business. That is the main activity of the people there, and only very remotely are they affected by the prosperity of Halifax.

To a certain extent my honourable friends have put the cart before the horse. However, I feel their motion may have served its purpose, because if the prosperity of Halifax is tied in a large measure to armament expenditures and shipping, it is on a weak foundation. I see no reason why shipping could not continue, but I am not so sure about armament expenditures. I think there is a higher target than that for Nova Scotia to aim at, and I will explain what I mean next week. In the meantime I hope my honourable friends, having drawn attention to the concern that exists in Nova Scotia with regard to the port of Halifax, will not feel it necessary to press the resolution.

Hon. T. A. Crerar: Honourable senators, this motion proposed by our colleague from Halifax-Dartmouth (Hon. Mr. Isnor) can fairly be described as a rather unique one.

I cannot recall in my experience of the doings of Parliament a motion of a similar character to this, wherein it is proposed that in the interests of the city of Halifax, if not in the general public interest, the port of Montreal should automatically be closed on the 15th of November in each year.

I am bound to say I cannot agree with my honourable friend from Halifax-Dartmouth. I shall take only a few moments, I trust, and certainly shall endeavour to keep within the ambit of this motion.

As the honourable senator from Shelburne (Hon. Mr. Robertson) has said, what is proposed in the motion is clearly a protective device. In my young manhood days, when

protection was a subject of very considerable discussion, one instantly thought of tariff protection, of duties levied against foreign goods to make it more difficult for them to enter the country. But our honourable colleague goes a little bit further than that and proposes that from the 15th November every year the port of Montreal shall be closed. He gave some reasons, one being the expense of keeping the St. Lawrence open through the use of ice-breakers that the federal Government has to provide. But even if this resolution carried and the Government acted on it, the ice-breakers would still be required. I am informed that a very substantial part of the work of the ice-breakers is done in the Maritime provinces.

From the western point of view—and having, as I do, my abode in that favoured part of the dominion, I would naturally be expected to say a word in its behalf—this proposal, if adopted, would have a definite impact on the costs of transporting grain to the markets of the world. I do not think that can be denied. Over the past ten years, the average closing date for the port of Montreal —that is the date when the last ocean-going ship goes out—has been December 15. My honourable friend's proposal would close that port for the shipment of grain overseas for an additional 30 days at least, and that at a time when the movement is particularly heavy. Such a change would have considerable effect, as the cost of shipping grain from Montreal to Halifax is approximately 23½ cents a hundred pounds, or 14 1/10th cents per bushel of wheat. That is, the western producer pays the freight charges on moving his wheat to Montreal, and if it goes through Halifax in the winter months he pays an additional 14 cents a bushel. Halifax benefits somewhat from it. And if my honourable friend's suggestion were carried out, the western producer would be deprived for a full 30 days of the opportunity to ship out of the St. Lawrence.

There was a time, as some of my colleagues know, when I was active in the grain business, and I can recall frequent occasions when the cost of chartered freight on wheat from Montreal to Liverpool was less than 14 cents a bushel. I think probably on the whole it was very rarely above that figure.

My honourable friend's suggestion would mean that for 30 days there would be an additional tax on the grain moving out of Canada. But there is another reason that I bring to the attention of the house, and this, may I suggest, is one that may appeal to the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor), and the honourable senator from Halifax North (Hon. Mr. Connolly), who by the way, made a rather qualified address on this motion.

Recently the federal Government, in its wisdom—or lack of wisdom, whichever you like—increased the subsidy on Nova Scotia coal moving up the St. Lawrence. As everyone knows, the main market for coal that comes up the St. Lawrence is Montreal island.

Hon. Mr. Brunt: And the city of Toronto.

Hon. Mr. Crerar: The total tonnage of coal moved in 1958 to the St. Lawrence River ports —Montreal being to a great extent the largest —was 1,800,000 tons, a sizeable market for Nova Scotia coal moving up the St. Lawrence.

I suggest to my honourable friend that if the Montreal port were closed on November 15, as suggested in his resolution, he would deprive producers of coal in the province of Nova Scotia of a substantial market. My honourable friend shakes his head. But otherwise, if the total volume of coal was to be marketed in the St. Lawrence River port it would have to come into Montreal before November 15. Now, the longer the period between the time coal is received and the time it is consumed, the greater the cost, and that would make it more difficult for Nova Scotia coal to compete with coal that came down the lakes rather than up the St. Lawrence.

Make no mistake. I assure my friend that, if his proposal were adopted, coal would move down the lakes and be stored in Montreal up to the close of navigation there. So I think it a reasonable suggestion to my honourable friend, and I am sure he will take it into full account, that this proposal might stand a little closer examination than we customarily give a matter in a debate in the Senate.

Everyone is sympathetic—certainly I am—to the development of all parts of Canada. There is no doubt that the physical configuration of our country imposes very substantial disabilities in that respect. There is no gainsaying the fact that the central provinces of Ontario and Quebec enjoy a greatly privileged position in the economy of the country, as against the more outlying parts. That I think can be and is accepted without question. But the solution of the problems of the provinces distant from the centre is not, I am convinced, to be found in more protection or in tying down trade. Rather, it lies in the other direction, that of expanding our trade as widely as possible, not only within our own borders but in the much wider world outside.

Hon. L. M. Gouin: Honourable senators, I believe in my native city of Montreal, I believe in my province, and I believe in our

country as a whole. I have often said, and I want to say it once more, that our Canadian patriotism should be as broad as the continent; that it should extend from sea to sea and from our southern border to our northern frontier. No country in the world now has a greater future before it than Canada. Our development has taken place more rapidly than we would ever have dreamed of some twenty years ago. However, Canada is a northern country and our long and severe winters create some serious problems. But the winters did not daunt the earlier settlers, in spite of all the hardships endured by Jacques Cartier, Champlain, LaVerendrye, and all their followers. They had plenty of courage and initiative, and they adapted themselves to the rigours of our climate.

I believe in progress, and I consider that it would be unwise, even useless to resist progress. In doing so I would be condemned to a humiliating defeat. For me, true liberalism means faith in progress. So I find it strange that we have before us a motion to set back the hands of the clock of our national growth, to close during five months every year the ports of the St. Lawrence.

Nature, it is true, prevents shipping from the Great Lakes to the Atlantic for about four months every year, but this is not enough for my honourable friend from Halifax-Dartmouth (Hon. Mr. Isnor), who wants, I assume, to close even the port of Quebec from November 15 to April 15 every year.

Since we have had steam navigation there has always been a ferry operating between Quebec and Levis, and during the last two years I understand we had winter shipping from Quebec City and from Murray Bay to the north shore of the lower St. Lawrence. It seems to me that every good Canadian should rejoice at that conquest of nature by our fellow countrymen.

The motion now before us results, I understand, from the expenses which were incurred in December of 1958 and in January of this year in freeing some ice-jammed ships from the Great Lakes which were blocked at Montreal.

By the way, we Montrealers do not expect to receive much profit from such ships which come from the Great Lakes and pass through our port on their way to the ocean. We are faced, moreover, with a great change brought about by the seaway. The St. Lawrence is bound to be one of the greatest trade routes of the world, but Montreal will cease, to a great extent, to be an ocean terminal port. We know, however, that Canada neither begins nor ends at Montreal, and we realize that our metropolis is the gateway to Ontario and to the Great Lakes. The opening of the St. Lawrence Seaway is thus for us a source of rejoicing, because now ocean-going ships of up to 15,000 tons will be able to go to the heart of the continent.

I might mention also that we have to use ice-breakers to prevent floods between Cap Rouge, near Quebec City, away up to Montreal. Otherwise, every year a great part of the country there would be flooded. But that question of the prevention of floods is raised only indirectly by the motion now before us, and I do not think it is necessary for me to discuss it.

All I want to say further is that with our present rate of national development there is room enough, in my opinion, for Halifax, for Saint John, New Brunswick, for St. John's, Newfoundland, for Quebec, Montreal, Toronto, Hamilton, Fort William, and so on. We must realize that if our country is to fulfil her mission we must all try to help one another. It would be a great error to take the attitude that the progress of Toronto is opposed to the survival of Halifax or Montreal.

In the case of Halifax, you have the great privilege of finding there an all-year-round harbour. I admit that the Maritime provinces have serious problems to face. There is the question of freight rates, and the difficulties arising out of our tariff. I do not want to give the impression that I myself profess the creed of free trade, but at all events I want justice for the Maritimes, I want justice for our central provinces, I want justice for the Prairies, and I want justice also for our great province on the Pacific coast. A deep and true solidarity must exist and grow between all the various regions of this immense land of ours, and I can say that I am at home myself anywhere in the 3,500,000 square miles which represent this Canada of ours. I want Canadians of every part of that great territory to receive a full measure of fair play, to be given equal opportunity, and to have their share of prosperity and progress.

Honourable senators, I am in favour of opening ports and of opening new lands, not of closing them.

Hon. Felix P. Quinn: Honourable senators, I promise you I am not going to make a long speech. Even if I wished to do so I could not because I am suffering from a throat ailment. But, I cannot help telling my colleagues in the Senate that the resolution of the honourable gentleman from Halifax-Dartmouth (Hon. Mr. Isnor) has my hearty approval, especially the first part of it, which I do not believe any honourable member of the Senate will disagree with or oppose. It reads:

> That it is expedient that the Government, through the Department of Transport, or any other agency or means, bring about a greater degree of use of the Atlantic ports.

I think if a vote were taken that would carry unanimously.

But in regard to the second part of the resolution I am afraid my honourable friend would have a lot of difficulty. That can be determined by the expressions of opinion which we have heard from those who have already spoken to the resolution. It would be rather difficult for anyone, even a dyed-in-the-wool Maritimer to expect, after our Government has expended nearly $500 million to develop the St. Lawrence Seaway, that it would limit the season through which navigation might be carried on through that great waterway.

When some of the Fathers of Confederation visited Halifax to advocate the passing of the British North America Act they promised that Confederation would mean the development of Atlantic ports. Sir Charles Tupper, speaking in the old drill hall, said:

> Halifax harbour will be a forest of masts of ships that will carry the produce of Canada to the countries of the world.

Unfortunately his prophecy never materialized. Then, coming down through the years to when our Liberal friends were in power under Sir Wilfrid Laurier, that Government undertook to promote the building of a second transcontinental railway. At that time similar prophecies were made, and one of them was that the existing north-south trade between Canadian and American Atlantic ports would be replaced by an east-west trade route through Canada. In those days Portland, Maine, was a great competitor of our port because it was a terminus of the Grand Trunk Railway. It no longer is a competitor but, in any event, neither one of those prophecies I have referred to came true.

My honourable and good friend who moved this resolution (Hon. Mr. Isnor) referred to the following statement made in Toronto by Howard A. Mann, executive manager of the Maritime Transportation Commission:

> That in 1957 80 per cent of the American automobile industry's exports went through U.S. ports. Canadian ports handled only 14 per cent of U.S. rubber exports.
>
> On the other hand, vast quantities of Canadian goods were shipped through U.S. ports.

Complaints have been made time and again over that very thing, Canadian produce being shipped through American Atlantic ports in preference to our great ports of Halifax and Saint John, which have all the necessary facilities. I think Canadian shippers should be taught a lesson in patriotism. We should try to make them fully aware of the facilities at Halifax and Saint John for shipping goods overseas. We should try to influence them to ship their goods through our ports at least during the months when the great ports of the St. Lawrence are closed.

I have little more to say except to thank the honourable gentleman from Halifax-Dartmouth for bringing this matter to the attention of the Senate. Even if his resolution does not carry he will have accomplished something worth while, for he has brought attention to the great facilities and advantages of the Atlantic ports and the contributions they—especially Halifax—made to Canada's war effort. This was emphasized by a question raised by the honourable senator from Ottawa (Hon. Mr. Lambert) when the mover was addressing the house on this motion. The mover said:

> Perhaps I should quote an unbiased definition of Halifax harbour as it is given in the 1957 report of the National Harbours Board:
>
> "The harbour at Halifax, situated on the Atlantic coast of Nova Scotia, is approached directly from the ocean by a channel with a minimum depth of 50 feet at low tide. It is open to navigation the year round and is served by both the Canadian National and Canadian Pacific railways."
>
> The report goes on to give the number of berths and handling facilities for ships. I could also mention, of course, the *Queen Elizabeth* being able to come into Halifax harbour without the use of a single tug. That is the kind of harbour I have reference to.

Then the honourable senator from Ottawa asked this question:

> Was that not due to a strike?

Well, perhaps that was the occasion when there was a strike of dock workers at New York, and the tug boatmen and longshoremen at Halifax, in sympathy with the New York strikers, refused to take any part in the berthing of the *Queen Elizabeth* coming into Halifax. But, like the old *Olympic* in World War I, the *Queen Elizabeth* came into the harbour, made a turn like a ferry boat, and, without the assistance of a single tug, docked at pier 2.

The *Queen Elizabeth* and the *Queen Mary* carried on what was almost a transatlantic ferry service, transporting thousands and thousands of our service personnel between Halifax and Great Britain during the war.

I don't know who is responsible for advertising our Atlantic port facilities, but these are things that should be brought to the attention of shippers and people in general. I recall coming up to a session of Parliament right after World War II and a young Ontario member said to me, "That was an awful riot the navy had down in Halifax." When I replied that it was a disgraceful thing he said, "But Halifax had it coming." Well, my Irish blood boiled right up and I said to him, "Damn you, do you realize just what Halifax did for

Canada during the war?"—I hope you will excuse my expression, Mr. Speaker—I admitted that because of a sudden increase in population, due to the influx of service personnel, many outsiders who were anxious to make a quick dollar opened up small businesses in the city and overcharged the service personnel, and this got their dander up. "But," I said "the merchants and people of Halifax went all-out to play the game for our servicemen, particularly our navy personnel." I said, "Do you realize, young man, that, when you were enjoying your Christmas dinner last year, ships were being sunk right in the mouth of Halifax harbour?" He replied he didn't know this and I said, "Well, you have a lot to learn."

Honourable senators, people should know of the great advantages of the port of Halifax and the contribution it has made to Canada.

On motion of Hon. Mr. Higgins, debate adjourned.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 256 to 284, which were presented yesterday.

Hon. Mr. Croll, for Hon. Mr. Roebuck, moved that the reports be adopted.

Motion agreed to.

BILLS—SECOND READINGS

Hon. Mr. Croll, for Hon. Mr. Roebuck, moved the second reading of the following bills:

Bill SD-206, an Act for the relief of Theodora Cornell Moore Martin.

Bill SD-207, an Act for the relief of Rose Ange Lorange Gadoury.

Bill SD-208, an Act for the relief of Brenda May Newbury Sherwood.

Bill SD-209, an Act for the relief of Lillianne Reed Volchuk.

Bill SD-210, an Act for the relief of Fernand Filiatrault.

Bill SD-211, an Act for the relief of Elisa Gislena Maria Blankaerts Juneau.

Bill SD-212, an Act for the relief of Louis Gustave Rey.

Bill SD-213, an Act for the relief of Gertrude Mary Prosser Hortig.

Bill SD-214, an Act for the relief of Mary Barbara Jex Light.

Bill SD-215, an Act for the relief of Joan Elizabeth Healy Watson.

Bill SD-216, an Act for the relief of Franz Prader.

Bill SD-217, an Act for the relief of Emilienne Celestine Mallard Grossin.

Bill SD-218, an Act for the relief of Gertrud Maria Meta Wauer Macovetsky.

Bill SD-219, an Act for the relief of Mohammed Dijiro.

Bill SD-220, an Act for the relief of Aurore Giguere Gourd.

Bill SD-221, an Act for the relief of Lucinda Marguerite Vaughan Flood.

Bill SD-222, an Act for the relief of Joan Turvey Fields.

Bill SD-223, an Act for the relief of Patricia Elizabeth Tobias Garber.

Bill SD-224, an Act for the relief of Marian Ida Rex Ross.

Bill SD-225, an Act for the relief of Mary Ann David Arial.

Bill SD-226, an Act for the relief of Marjorie Barbara Hawthorn Morrison.

Bill SD-227, an Act for the relief of Sarah Friberg Lazare.

Bill SD-228, an Act for the relief of Marie Adrienne Maryse Dagenais Garlick.

Bill SD-229, an Act for the relief of Alexandre Pare.

Bill SD-230, an Act for the relief of Norman Grover, otherwise known as Norman Bernard Grover.

Bill SD-231, an Act for the relief of Marjorie Winifred Joyce White Young.

Bill SD-232, an Act for the relief of Helga Fischer Dollard.

Bill SD-233, an Act for the relief of Marguerite Louise Agathe Piche Chartrand.

Motion agreed to and bills read second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Croll: Next sitting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, May 7, 1959

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

Prayers.

VETERANS REHABILITATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-31, to amend the Veterans Rehabilitation Act.

Bill read first time.

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

Hon. W. M. Aseltine: With leave of the Senate, I move that this bill be placed on the Order Paper for second reading at the next sitting.

Motion agreed to.

WAR SERVICE GRANTS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-32, to amend the War Service Grants Act.

Bill read first time.

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

Hon. Mr. Aseltine: Honourable senators, with leave of the Senate, I move that this bill be placed on the Order Paper for second reading at the next sitting.

Motion agreed to.

PRIVATE BILL

CANADIAN LEGION OF BRITISH EMPIRE SERVICE LEAGUE—REPORT OF COMMITTEE

Hon. Gunnar S. Thorvaldson, Acting Chairman of the Standing Committee on Miscellaneous Private Bills, presented the report of the committee on Bill S-19.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Miscellaneous Private Bills, to whom was referred the Bill (S-19) intituled: "An Act respecting The Canadian Legion of the British Empire Service League", have in obedience to the order of reference of April 28, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. Croll: With leave of the Senate, I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, with leave of the Senate, I move that when the Senate adjourns today it stand adjourned until Tuesday next, May 12, 1959, at 8 o'clock in the evening.

Motion agreed to.

DIVORCE

BILLS—THIRD READINGS

Hon. Mr. Croll, for Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill SD-206, an Act for the relief of Theodora Cornell Moore Martin.

Bill SD-207, an Act for the relief of Rose Ange Lorange Gadoury.

Bill SD-208, an Act for the relief of Brenda May Newbury Sherwood.

Bill SD-209, an Act for the relief of Lillianne Reed Volchuk.

Bill SD-210, an Act for the relief of Fernand Filiatrault.

Bill SD-211, an Act for the relief of Elisa Gislena Maria Blankaerts Juneau.

Bill SD-212, an Act for the relief of Louis Gustave Rey.

Bill SD-213, an Act for the relief of Gertrude Mary Prosser Hortig.

Bill SD-214, an Act for the relief of Mary Barbara Jex Light.

Bill SD-215, an Act for the relief of Joan Elizabeth Healy Watson.

Bill SD-216, an Act for the relief of Franz Prader.

Bill SD-217, an Act for the relief of Emilienne Celestine Mallard Grossin.

Bill SD-218, an Act for the relief of Gertrud Maria Meta Wauer Macovetsky.

Bill SD-219, an Act for the relief of Mohammed Dijiro.

Bill SD-220, an Act for the relief of Aurore Giguere Gourd.

Bill SD-221, an Act for the relief of Lucinda Marguerite Vaughan Flood.

Bill SD-222, an Act for the relief of Joan Turvey Fields.

Bill SD-223, an Act for the relief of Patricia Elizabeth Tobias Garber.

Bill SD-224, an Act for the relief of Marian Ida Rex Ross.

Bill SD-225, an Act for the relief of Mary Ann David Arial.

Bill SD-226, an Act for the relief of Marjorie Barbara Hawthorn Morrison.

Bill SD-227, an Act for the relief of Sarah Friberg Lazare.

Bill SD-228, an Act for the relief of Marie Adrienne Maryse Dagenais Garlick.

Bill SD-229, an Act for the relief of Alexandre Pare.

Bill SD-230, an Act for the relief of Norman Grover, otherwise known as Norman Bernard Grover.

Bill SD-231, an Act for the relief of Marjorie Winifred Joyce White Young.

Bill SD-232, an Act for the relief of Helga Fischer Dollard.

Bill SD-233, an Act for the relief of Marguerite Louise Agathe Piche Chartrand.

Motion agreed to and bills read third time and passed, on division.

ROYAL ASSENT TO DIVORCE BILL

RADIO AND PRESS REPORTS—QUESTION OF PRIVILEGE

Hon. C. G. Power: Honourable senators, with the consent of the house I should like to draw attention to something which I think is a matter of privilege not only of the Senate but of the whole of Parliament. I was astounded this morning when listening to the Canadian Broadcasting Corporation radio to hear that—I cannot quote the exact words, but the implication was that owing to the goodness of heart of the Prime Minister, the Right Honourable Mr. Diefenbaker, and his sympathy for a person who had recently obtained a divorce and ardently desired to get married this Saturday, arrangements had been made whereby the Deputy of His Excellency the Governor General came here and gave the royal assent to certain bills.

This story is somewhat confirmed by what I read in the *Globe and Mail* of this morning, Thursday, May 7. It is a dispatch from Ottawa, dated May 6, on the first page of the paper, under the heading:

PM HELPS SOLVE DIVORCE TANGLE

And then a subheading:

CUPID GETS BOOST, TOO

The dispatch begins by stating that a young Montreal businessman—I am not quoting at length—by the name of Eric Reisinger, had divorce and marriage problems. It goes on to say:

> Today, following a sympathetic hearing by Prime Minister Diefenbaker, the New Canadian no longer has a divorce problem, and this Saturday he'll be married again, on schedule.

The article sets out that Mr. Reisinger had in fact sought and obtained from Parliament a bill of divorce, but for some reason or other the bill had not been sanctioned by the Governor. Faced with this fact, and an engagement to be married on Saturday of this week, he called on the Prime Minister and on Chief Justice Patrick Kerwin, and, though it does not say so in so many words, the commentator on the radio this morning implied that because of the intervention of these gentlemen the Chief Justice was brought here Tuesday night to give the royal assent to a number of bills. In the words of this dispatch:

> Last night Chief Justice Kerwin gave royal assent to 58 private bills, an event considered unique by parliamentary observers by the fact that there were no Government bills included in the list.
>
> Among the list of 54 divorce bills was one for the relief of Rosalie Jakes Reisinger.

I would like to inquire from the Leader of the Government (Hon. Mr. Aseltine) whether there is any truth in this story. Naturally I expect that there is not any, but that at least a contradiction will be made to the public.

Hon. W. M. Aseltine: Honourable senators, I have no knowledge whatever of what is reported in the newspaper which has just been read by the honourable senator from Gulf (Hon. Mr. Power). All I know is that on Tuesday I was informed that there was going to be royal assent to bills that evening. I am quite satisfied there is nothing to the allegation contained in the press item.

ATLANTIC PORTS

RESOLUTION URGING GREATER DEGREE OF USE—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the resolution of Hon. Mr. Isnor:

> Resolved: That it is expedient that the Government, through the Deparmtent of Transport, or any other agency or means, bring about a greater degree of use of the Atlantic ports.
>
> With this in mind it is urged that "open" and "closed" periods be agreed upon, and that the ports of the St. Lawrence be considered "closed" ports from November 15 until April 15, and "open" ports as from April 16 to November 14 of each and every year until such times as this arrangement is revoked.

Hon. John G. Higgins: Honourable senators, in speaking on this resolution, the honourable senator from Halifax North (Hon. Mr. Connolly) reminded us last Thursday that the resolution was divided into two parts which, of course, is self-evident, but then he went on to say that he felt nobody

could help but support the first section of the motion, but he was very doubtful whether this body would support the second portion.

If the resolution were, like Gaul, divided into three parts, I do not know whether he would have given it a fifty-fifty chance of passing. Anyway, I cannot think of any third part to add in order to help him out.

With regard to the first part, I heartily agree with him that the proposal meets with the approval of each and everyone present who would like to help the Atlantic ports in every way possible. But the senator spoke only of the port of Halifax, Nova Scotia, his native city. What he said was true. No one can deny the immense use which was made of Halifax harbour during the last war. There is no doubt that this harbour was of vital importance and played a big part in the winning of the war.

We all realize that Halifax experienced the grim realities of war in the 1914-1918 period, when that city was so badly shattered by the explosion caused by the blowing up of the *Mont Blanc* in the harbour.

I must admit that I admire Halifax. It is a beautiful city, with many open spaces, nice parks, green swards and beautiful trees. I like its streets and avenues and its fine public buildings. I admire the way its citizens and its civic bodies have preserved old landmarks. This shows they have a civic responsibility and a pride in their city. There is no doubt that it also saw the grim realities of war in the large number of broken vessels which took refuge in its harbour during the second world war, and in the landing of dead and wounded sailors from these vessels.

But at the same time I must plead that there are two other great Atlantic ports: Saint John, New Brunswick, and St. John's, Newfoundland. Some senator from New Brunswick will probably tell what great and useful part was played by the harbour of Saint John during the period of the last war. Naturally, we all turn to our native province, and I shall turn to St. John's, which is my native place.

St. John's played a very important and vital part in the winning of the battle of the Atlantic. As you know, St. John's is thrust out by some mighty upheaval right into the Atlantic far beyond the North American continent. It is the nearest port to Europe by many hundreds of miles. Into this harbour during the war came hundreds, I may say thousands, of allied ships. It was a starting place for the frigates and cruisers and submarines that carried on the battle of the Atlantic. I have seen hundreds and thousands of these ships come into the harbour after patrolling the Atlantic, and leave again for the same purpose. I have seen steamer after steamer entering the harbour with gaping holes in their hulls. I have seen from the window in my office on Water street, which is on a level with the harbour, in the evening that expanse of water absolutely bare, and in the morning that same expanse covered with ships, come to take refuge there, and often they would be landing dead and wounded. I have seen there submarines and warships of all sizes.

St. John's became a garrison city during the last war. Thousands of soldiers and sailors were stationed there. The United States had a big base on the outskirts of the city, and 80 miles away, at Argentia, there was the great and important United States naval base. On the west coast of Newfoundland was the very important United States base now known as Ernest Harmon airfield.

At St. John's, Canada had a large number of military units—infantry, heavy artillery, ack-ack batteries, the R.C.A.F. and the Navy. It had an infantry camp at Botwood, about 200 miles from St. John's, and there was, of course, the important airfield known as Gander airport, where many Canadians were stationed.

I may also say that many submarines were hovering around the shores of Newfoundland during the war. Once a steamer was only three miles from the harbour mouth when she was sunk by an enemy submarine. One day the boom at the narrows leading to the harbour of St. John's was lifted in order to allow a steamer to come in. A submarine was hovering outside and it fired three torpedoes at her, but not one struck. Two were duds, and the third one struck at the bottom of Signal Hill. At Bell Island, which is only twelve miles from St. John's, two large ore carriers of 17,000 tons each were sunk by an enemy submarine while they were at the pier, and some months later two others were sunk at the same place. Then nets were dropped and no more casualties took place.

The senator from Halifax-Dartmouth (Hon. Mr. Isnor) said that Halifax was the closest American port to world markets. The honourable senator from Rigaud (Hon. Mr. Dupuis) answered this and said that Newfoundland held that title and that she was the one who could control the gates to Canada, which is quite true. Verily, we Newfoundlanders can sing:

Oh Canada, we stand on guard for Thee.

Nova Scotia cannot sing that. Nova Scotia sits in our shadow as we sing it and gets our echo.

Moreover, St. John's harbour has been used since the dawn of civilization on the American continent. It was of importance for more than a century before the ports of Halifax

and Saint John were ever heard of. It was a resort for thousands of fishermen from all parts of the then known civilized world when the whole of the North American continent was an untrodden wilderness—untrodden except by wild beasts and Indians.

The honourable senator from Halifax North, when speaking of Halifax, said he was basing his presentation upon sympathetic grounds. I do not agree with this. If another war comes, which God forbid, but everything talks of war today—the building up of armies and of warships of all kinds, and fighting airplanes and other portentous signs—surely the Atlantic ports must be of vital importance, and it would be sheer nonsense to allow them to fall into neglect. In his peroration the honourable senator drew a sad picture of what may happen unless some effort is made to prevent a deadly blow at the Atlantic region, which may see itself depleted mainly because its young people, through force of circumstance, must go to the more prosperous parts of Canada in order to make a living, and leave only the old people behind. He quoted some lines from Omar Khayyam:

> The Moving Finger writes; and, having writ,
> Moves on; nor all your piety nor wit
> shall lure it back to cancel half a line,
> Nor all your tears wash out a word of it.

I do not know why he should have used these words. After all, he spoke the truth. There was nothing controversial in his remarks. His conscience was not bothering him, and he spoke well. I do not know whether we possess much piety or wit or humility, but no matter whether we have any or not we would not want for a single moment to lure him to wipe out even a word of his fine oratorical effort.

I would quote another quatrain from that same poem:

> A Book of verses underneath the bough,
> A jug of wine, a loaf of bread—and thou
> Beside me singing in the Wilderness—
> Oh, Wilderness were Paradise enow!

If it should happen that the rest of Canada should be given prosperity at the expense of the Atlantic provinces, so that all the young people should leave there for the more prosperous provinces, and the older people should be the only ones left, then the loaf of bread and the jug of wine and the book of verse and the "Thou", whoever that may be, will not be sufficient compensation for the wilderness so created.

I do not think a question asked by the honourable senator from Waterloo (Hon. Mr. Euler) was apt. I trust he will pardon me for joining issue with him, for I have admired his great qualities ever since I came here; in fact, I have admired the virility and wonderful method of speaking of some of the older members, and—if I may paraphrase—"age cannot wither their infinite variety." The honourable senator asked if when the seaway is open the Atlantic ports should be closed. I would say: No,—

Hon. Mr. Euler: Surely, my honourable friend, being Irish, recognizes a joke when he hears one.

Hon. Mr. Higgins: Well, I was going to go on and say: No, for once the seaway is open there is no competition. Only those ships that have to go to the Atlantic ports will go there, and it would be useless to order them to the seaway where they would be bringing goods or passengers for the Atlantic provinces only. Ships which will find the seaway a more advantageous course will naturally go that way.

With regard to the second part of the resolution, which proposes closing the ports of the St. Lawrence for five months of the year, it reminds me that once upon a time we used to have our railway closed sometimes—I would not say all the time, but very often—during the five months of winter which we have down in Newfoundland on the Gaff Topsails. Sometimes the trains were stuck there for a week or so, but we felt it was necessary to keep up the service and we did not declare a curfew of five months.

With regard to that second part of the resolution, we are treading on disputatious and contentious ground. It must be remembered that the United States has an interest in the St. Lawrence Seaway, and the Senate cannot interfere with the rights of the United States. I think that is a truism.

Would it be dignified or proper to suggest to the United States that, in order to help out our Atlantic ports, the seaway should be closed for five months every year? If so, do you think for one single moment that the United States would agree, or would be expected to agree, to such a proposal, unless perhaps New York or some other ports on the eastern side of the United States joined in the appeal for their own benefit, which hardly seems likely?

However, a vast amount of money has been expended which will be beneficial at least to all the provinces except the Atlantic ones—and, whether it will be of any use or interest to the latter, I do not know. It is open to question. It may be of vital importance to them. At any rate, I think some means should be devised to do something for the Atlantic provinces if they are to suffer

from the building of the seaway. For instance, as goods will be moved more cheaply now from east to west and as a consequence places west of Quebec and Montreal will gain thereby, then I think we in the Atlantic region should receive a *quid pro quo* in the form of lower freight rates, for our freight rates are very high at the present time.

As far as Newfoundland is concerned, the building of a free port, which was so well explained by my co-patriot the honourable senator from St. John's West (Hon. Mr. Pratt), would be a good and serviceable project, of great benefit to all of Canada and one which could be used in connection with the seaway. That is a matter worth considering.

New Brunswick and Nova Scotia must have some advantage which they could bring to the attention of the authorities as being beneficial to their provinces. It is not for me to do so. I dare not. The provinces may combine for some common object, but let no one forget that each is master in his own house and each knows and can mind his own business.

One last point. What would be the effect in Quebec and Montreal if a curfew were ordained on the St. Lawrence Seaway, a curfew not of nights and a night, nor days and a day, but a curfew over its seaway of months and a month? What would the people of these cities say and what would we hear? There would be a wild crescendo of protest.

Hon. Norman P. Lambert: Honourable senators, with reference to the eloquent speech which has just been delivered by the honourable senator from St. John's East (Hon. Mr. Higgins), in which he paid high tribute to Newfoundland's war effort during World War I and World War II, I am sure we all give him full measure of applause for his eloquence and literary allusions. I am sure also that he will give me his willing permission to mention one historical episode he overlooked. I refer to the historic meeting of Sir—then Mr.—Winston Churchill and the late President Roosevelt in the waters of Placentia Bay when the foundation of the Atlantic Charter was laid and given to the world as a guide for Allied co-operation that came later, and which led to the adoption of lend-lease agreements for the pooling of basic resources on this continent in the prosecution of the war and the suggestion of a post-war policy in trade. If the honourable senator from St. John's East will permit, I should like to add that word of commendation to his speech.

Hon. C. G. Power: Honourable senators, I wish to say only a few words on this resolution and to make a suggestion to some of my honourable friends from the Maritimes. Like any section of the country which feels it has been neglected for the benefit of others, the Maritimes, I believe, require assistance in their efforts to have their case put before the entire country. The first part of the resolution urges a greater degree of use of the Atlantic ports. The second part commences:

> With this in mind it is urged that "open" and "closed" periods be agreed upon, and that the ports of the St. Lawrence be considered "closed" ports from November 15—

If the mover of the resolution, the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor), would change this to read:

> —and that the ports of the St. Lawrence upstream from the port of Quebec be considered "closed" ports—

I am sure he would obtain a certain element of support from those of us who are not entirely encompassed by the great financial, commercial, industrial and political power which seems to be centred in Montreal and in Toronto.

Hon. Mr. Brunt: Does the honourable senator consider Toronto to be a port on the St. Lawrence?

Hon. Mr. Power: I am including Toronto with Montreal and I intend to come to a sort of merger of James Street and Bay Street, which will, I am sure, be detrimental to the whole of the rest of the country. Meanwhile, we in Quebec view with a certain equanimity the fact that, if the seaway carries out the hopes on which it was founded, Montreal may to some extent suffer the fate to which Quebec has been subjected for the last half century, by becoming only a sort of gasoline station on the seaway as vessels whistle in the darkness and proceed farther on into the interior of the country. We would perhaps be not altogether sorry for the great port of Montreal, with all its financial and prestige, if it were to suffer some of the neglect and frustrations which Quebec has suffered so long.

Hon. Mr. Brunt: Is it a case of misery likes company?

Hon. Mr. Power: No, but misery would be glad that somebody else is getting it in the neck too. Like our friends from the Maritime provinces, we in Quebec City have suffered from the over-expansion of Montreal. It has taken away our banks. We had the Quebec Bank and the Maritimers had the Union Bank. Montreal has taken away our larger trust companies. It has taken away a large

section of our lumber companies. My honourable friend from De la Durantaye (Hon. Mr. Pouliot) will tell you that in his young days the port of Rivière du Loup profited to a great extent from the shipment of millions of feet of lumber from the Fraser Companies which operated in the Temiscouata Valley. The control of the Fraser Companies has passed long since to the tycoons of Montreal. Perhaps I should not say this but, worst of all, our oldest and most respected paper and lumber company in Quebec, one with deep traditional attachment to the Old Country, has now passed into the hands of strangers and, above all, it has as chairman of its board an American-born ex-Liberal cabinet minister.

Hon. Mr. Brunt: I am enjoying this.

Hon. Mr. Power: I have no doubt that if some of the original owners of the corporation of which he is now chairman were aware of this there would be much turning in graves and much gnashing of teeth. But the point is—and there is something serious in what I propose to say this afternoon—that winter navigation in so far as the port of Quebec is concerned has been in active consideration for well over half a century. There are records to show that in every month of the year vessels have left Quebec and reached the open sea. I have not the facts with me, but I think that would apply to every week of every month of the year. Now, in order to make the navigation to Quebec City practical I do believe that there would have to be provided aids to navigation, aids to lighting. A northeast snow storm would certainly obliterate anything in the way of lighthouses we have all the way down the St. Lawrence. So perhaps in so far as winter navigation to Quebec City is concerned it may be, if not in the realm of speculation, at least something that requires a great deal of practical working out before one can say that Quebec is a winter port in the sense that Halifax, Saint John and St. John's are winter ports. However, I think I should draw to the attention of this honourable chamber the fact that in the lower St. Lawrence, the ports of Rivière du Loup, Murray Bay, Seven Islands, Rimouski and Matane are winter ports, and for the past 20 or 25 years there has been winter navigation across the St. Lawrence. Again, more help to navigation is required, perhaps, in the way of spotting by aircraft, better harbours, better breakwaters, in order to shelter vessels during the heavy winter storms, but the fact of the matter is that winter navigation on the lower St. Lawrence is a practicable thing.

I should like to point out to my honourable friends from the Maritimes that one of the great helps to Canada in having traffic through the Chignecto Canal would be that traffic coming from the iron ore country to Seven Islands and from the north shore of the St. Lawrence would find a way to its processing markets along the Atlantic coast, and, if ever we wanted to make it a practical proposition, would have to go through something like the Chignecto Canal. So that the development of the north shore of the St. Lawrence—the nethermost outpost of the province of Quebec, if you want to call it so, lying neglected—would be something in the interests of our friends from the Maritimes, just as much as in the interests of Quebec itself, and probably not too much in the interests of this colossus of which I spoke, Montreal.

If the sponsor of the resolution would agree that the ports of the St. Lawrence which normally can be kept open in winter should remain open, and would so specify in his resolution, I would have no objection to supporting it.

On motion of Honourable Mr. Pearson, debate adjourned.

REPRESENTATION BILL

SECOND READING

Hon. Léon Méthot moved the second reading of Bill C-21, to amend the Representation Act.

He said: Honourable senators, this bill is very simple and calls for a very short explanation.

According to paragraph 50 of that part of the schedule to the Representation Act dealing with the description of the electoral districts in the province of Quebec, the electoral district of Temiscouata consists of:

(a) the county of Temiscouata;
(b) the county of Rivière-du-Loup (except the parish municipalities of Notre-Dame-du-Portage and Sainte-Francoise and the municipalities of Saint-Jean-de-Dieu and Trois-Pistoles) and the city of Rivière-du-Loup.

The purpose of this bill is to change the name of the electoral district of Temiscouata to Rivière - du - Loup—Temiscouata. There would be no change in the limits of the constituency at all. The electoral district would simply have a compound name, as have many others in my neighbourhood, such as Saint-Maurice-Laflèche, Saint-Jean-Iberville-Napierville, and Joliette-L'Assomption-Montcalm.

Honourable senators, I hope this bill will be accepted.

Hon. Jean-François Pouliot: Honourable senators, I believe most of you are familiar with Temiscouata County, which is on the

highways from Toronto to Halifax and from Quebec City to Gaspé. It extends from the St. Lawrence River to the province of New Brunswick between the county of Rimouski on the east and the county of Kamouraska to the west. It is a large constituency, and it belongs to history, because Sir John A. Macdonald spent 23 summers at St. Patrick's, three miles west of Rivière-du-Loup, when he was Prime Minister of Canada; and the late Right Honourable Mr. Lapointe, former Minister of Justice, was born in the county, at St. Eloi, as also was Cardinal Rouleau, at Isle Verte. The former Prime Minister of Canada, Mr. St. Laurent, has his summer place at St. Partick's, two doors from the residence that was occupied by Sir John A. Macdonald. Sir John A. Macdonald and Sir Henry Bate, a prominent merchant of Ottawa, who had a large family, engaged the services of a famous doctor, whom they asked to travel from Quebec City to Gaspé in order to find the healthiest spot. The doctor made the trip, and on his return put his finger on St. Patrick's. That is why Sir John A. Macdonald spent such a long time there, and if he lived to a ripe old age it was because he breathed such good air in the country in the summer. There is a commemorative tablet in front of Sir John A. Macdonald's summer home, and one was also placed in front of the house at St. Eloi where the late Mr. Lapointe was born. The late Mr. Taschereau, former Premier of Quebec, spent fifty summers at Rivière-du-Loup. I asked the Monuments Board to place a tablet in front of his house, but unfortunately my request was declined.

Temiscouata is the place from which the missionaries started their trips to Acadia. From Notre Dame du Portage, on the St. Lawrence River, they went across Lake Temiscouata and up the St. John River. This was the route that was followed by Monseigneur de St.-Vallier, the second Bishop of Quebec, and in fact by all the missionaries who went from Quebec to Acadia and the eastern part of Canada.

It is a most picturesque part of the country, and as you are coming from Ste. Rose du Dégelé on the New Brunswick-Quebec highway, from the summit of the hills you are able to see Lake Temiscouata, which is one of the finest lakes in the country—27 miles long—lying between very high mountains. On arriving near the St. Lawrence River, which is 20 miles wide at that point, you are reminded of the Strait of Juan de Fuca, across from Victoria, in British Columbia, with its background of the Olympic mountains. Both bodies of water are about the same width. In the background of the St. Lawrence valley are the beautiful Laurentians. From the point of view of picturesque beauty and scenery this section is practically unequalled anywhere.

But what is most remarkable in that part of the country are the people themselves. I have known them well. For thirty-one years they gave me their continuous support as member of Parliament, and they did so very generously, and I consider it a very great honour, coming as it did from them. They are a people of great distinction, they are well educated, they have deep religious convictions, they are broadminded and they are patriots. They are progressive. When I think of them and of the friendships that I made during my political career I am really moved, and I can never forget my friends who are alive, nor those who are gone.

At first Temiscouata was a Conservative county; it was part of Rimouski. At that time the county of Rimouski extended from Rivière-du-Loup to Cap-Chat, which is now in Gaspé county, and it included Temiscouata, Rimouski and Matane. I may tell you that at one time it was represented in the Legislative Assembly of United Canada by my great grandfather, Louis Bertrand, who gave his seat to Robert Baldwin after he was defeated in York. And afterwards my grandfather, Jean-Baptiste Pouliot, started to make propaganda for the Liberal party. He was defeated twice before Confederation. He was elected once by acclamation before Confederation. He was opposed to Confederation because he found that it meant a disguised legislative union. He was elected again by acclamation in 1874 and he sat until 1878. He did not run again. But in the federal election of 1887 my father ran as a Liberal candidate. He was defeated by a small number of votes. At the following federal general election he was the provincial member for Temiscouata; he sat in Quebec as a supporter of Honoré Mercier for two years. He was defeated in 1891. He did not run in the federal election of 1891, as he was the provincial member for the county. One of his brothers, my uncle, Alphonse Pouliot, ran as standard-bearer of the Liberal party against the Conservative candidate and he was again defeated by a small number of votes. In 1896 my father ran again as a supporter of Sir Wilfrid Laurier. He had been an intermediary between Sir Wilfrid, who was then Mr. Laurier, and the Quebec bishops to come to some kind of arrangement with regard to the Manitoba school question.

My father, Charles-Eugène Pouliot, was elected member for Temiscouata by approximately 600 votes against the Conservative

machine. At that time the superintendent of the Intercolonial Railway was keeping in the railway shops men with so-called iron hands to break up Liberal meetings. There prevailed a system of terror. I have seen men who have had their ears bitten during meetings and some were wounded. It is incredible how high was the fanaticism at that time. My father, with the late Senator Fiset, who was then member for Rimouski, and the late Mr. Carroll, who was the member for Kamouraska, and who was later appointed a Judge of the King's Bench Court in the province of Quebec, and still later Lieutenant Governor of that province, and Mr. Charles Angers, barrister, of Murray Bay, who was the member for Charlevoix, and Mr. Henri Bourassa, who was then the new member for Labelle, and some others, prepared a memorandum, which was carried to Rome by Sir Charles Fitzpatrick, in order to bring about an end to the undue influence of the clergy against the Liberal party. They succeeded.

Those men were sincere. I have all the papers in connection with that on file. I showed them to Mr. Mackenzie King and Mr. Godbout and some others. Prevailing conditions were so bad that some people from Trois Pistoles ,located about thirty miles east of Rivière-du-Loup, in the county of Temiscouata, had to come to Rivière-du-Loup to fulfil their Easter duty.

The Hon. the Speaker: We are very far from the bill, although there has been no objection.

Hon. Mr. Pouliot: I do not want to speak outside the bill but I am telling about what was done to promote freedom of speech, a freedom that has been enjoyed by all parties up to recent years, thanks to the work of those members of Parliament whose names should never be forgotten.

I will come closer to the bill by speaking of the integrity of the county of Temiscouata. All I have said may explain the ties that bind me to that part of the land which honoured me so much by giving me its unqualified and continuous support for 31 years.

For 80 years the boundaries of Temiscouata did not change, they remained the same. The county dates back to 1853, and until 1933 nothing was changed. There were many redistributions, there were gerrymanders, but the county of Temiscouata remained the same.

In 1930 my average majority of 2,000 fell to 117, and my opponents thought that by removing from each side of the county some Liberal parishes where the majority was about 500, they could defeat me at the next election. I asked the Whip at the time to put me on the Redistribution Committee in order to defend the rights of Temiscouata and to prevent the carving of my county. I received no answer from the Whip. The gentleman who represented the province of Quebec in my stead was my desk-mate. He was a very delightful man. His great distinction was that he had played golf with the Prince of Wales. But he was so lazy that once he made a speech in which he first quoted four pages from the speech of Mr. Bennett, then said, "Now I will tell you what my right honourable leader has said in reply", and he read four pages from a speech by Mr. Mackenzie King, and sat down. We cannot expect a gentleman like that to fight for a county in a redistribution committee.

Hon. Mr. Aseltine: Well, what happened?

Hon. Mr. Pouliot: I am just coming to that.

One Sunday morning I was coming to the house to write an article for a paper, and I met Mr. Ernest Lapointe. He said, "Jean-François, you must write the history of redistribution in the province of Quebec." I said: "How can I do that? I was willing to do the work; I asked to be put on the committee, but you did not appoint me. It is for the committee to do that." He said, "You should do it". Then I wrote this book, which is unique: it contains the history of each redistribution—and there were eight—from 1853 to 1933.

Hon. Mr. Aseltine: You are not going to read that, are you?

Hon. Mr. Pouliot: My honourable friend asked me to tell him what happened, and I am just starting. I may keep on, if you wish, but I do not want to take advantage of your goodness.

The book contains two parts, one the history of each redistribution, and the other the history of the redistribution of each county. With a weapon like that I could have held the House of Commons for months and months, but I was reasonable, and it lasted only a week.

The Hon. the Speaker: That was a retribution.

Hon. Mr. Pouliot: Yes, Mr. Speaker.

Afterwards I had a strange reward. In 1947 the county of Temiscouata nearly disappeared. I don't know if it was to punish me for having been against conscription. I attended a Liberal dinner at the Quebec parliamentary restaurant. Mr. Godbout was there, and there was only one member seated between him and me. The whole affair was very nice and I enjoyed it, as everyone did. When I returned to Ottawa I met a colleague of mine from the House of Commons, a good

friend, who asked me, "What do the Liberals have against you in Quebec City?" I replied: "I don't know. I have just come back from that mecca of French Canadians and everything was fine." He said, "They have written to the redistribution committee for the purpose of carving the county of Temiscouata from Isle Verte to St. Fabien, both inclusive" —Ile Verte was the native parish of my mother—"and from the St. Lawrence River to New Brunswick." I could not conceive it. I said to my friend, "Come up to my office and I will tell you the whole story about it." He said, "I will support you."

That was in 1947. On May 19 there was a very long speech by the then member from Temiscouata, who protested against it in order to maintain the integrity of the county. Nothing was changed, and the county of Temiscouata today is the same as it was in 1853, with the exception of two carvings that were made in 1934—on the east, when Trois Pistoles, Ste. Francoise and St. Jean de Dieu were taken off; and on the west, Notre Dame du Portage, a very beautiful summer place.

At the time the Speaker of the House of Commons did not have your wisdom and experience, sir, and at pages 3184 and 3185 of the record of the debates of that house, there are several daily editorials, which show how strange were the rulings made in that house. Nevertheless, the county of Temiscouata still exists, and exists mostly as it was a hundred years ago. The reason for the change may be to show the union that exists between the southern and northern parts of the county, which might be a very good thing. There are means of communication between both parts of the county. There are very good roads and highways which have been built by the provincial Government, and there is also the Temiscouata railway, which could be improved, but which was put under C.N.R. management by the previous administration. All that is important.

I hope there will be union in the county in the future, as there was when I had the honour of representing it in the House of Commons. Just think, from 1896 to 1957 the county of Temiscouata stayed in the Liberal Party. It required a lot of work, but I never complained about it.

Hon. Mr. Aseltine: Mr. Speaker, I rise to a point of order. This speech has nothing whatever to do with the changing of the boundaries. I would like to know whether the honourable senator, who formerly represented Temiscouata, is against this bill or for it. Is he willing to have the hyphenated name substituted for the present name? I think he is going too far afield. The honourable senator should stick more closely to the motion.

The Hon. the Speaker: I think he is just coming to the bill.

Hon. Mr. Croll: May I rise on the point of order raised by the honourable Leader? It is not enough for a member of the Senate to say simply, "We are proposing a change the name of this constituency from what it is to something else." We, as senators, are entitled to a little background and history in order that the reason for the proposed change may come out. There ought to be a good reason for it, and I intend to ask a few questions on that point. We are now getting some background, and we are in no great hurry. This is most interesting material, and I think we ought to be tolerant.

Hon. Mr. Aseltine: I understand the honourable senator, who was formerly the member for Temiscouata, is not against the change.

Hon. Mr. Croll: I do not believe he is, either.

The Hon. the Speaker: In my opinion it is all right to give background material on the bill itself, but there must be some balance between the background and the remarks that lead to the subject-matter. I believe that the honourable senator is just coming to that. A lot of background has been given, and I was expecting an objection. I think the honourable senator will not stray too far from the subject-matter of the bill in his further remarks, and that he will tell us if he is for or against the bill.

Hon. Mr. Pouliot: I thank you, sir, and I am very grateful to the honourable Leader of the Government for the breathing spell he has given me. All that I have mentioned is directly connected with the bill that is before the house.

At first I opposed the division of Temiscouata county into two provincial counties. I thought that it was a great mistake, because the people who belong to a county are like a large family, and they should be treated fairly, without any discrimination. They have their traditions and their customs. They are so close together that when there is a division it is unfortunate. But it was done, and perhaps I was mistaken about it, for at the present time the county is in very good shape.

The proposal now is to change the present name to a hyphenated name. To that I have no objection, and for a very good reason. When I was a member for Temiscouata many people called me the member for Rivière du

Loup, the name of the city where I lived, and my honourable colleagues will agree that Rivière du Loup, as well as Temiscouata, has been put on the map to a large extent. If I may say so—I do not know whether I am strictly in order or not—I cannot forget the friendships that I made in the House of Commons as a member of Parliament as well as those that I made in the same capacity in my county. It is a great privilege to be a member of Parliament, because it gives one the opportunity to meet great Canadians from all parts of the country, who belong to various political faiths. My friendship with some Liberals and some Conservatives, and even some members of the C.C.F. Party, is my pride and joy.

I will not delay this house any longer. I wanted to give these explanations, and I hope that I have not been too indiscreet in telling about some of my recollections. What I have said is strictly true, and I have said it to give the background of the affection and the gratitude that I have for the people of Temiscouata county, whether it is called that or Rivière du Loup-Temiscouata.

Hon. David A. Croll: Will the honourable senator tell us the reason behind the change?

Hon. Mr. Methot: I understand that it was asked for by the councils of the municipalities in the two provincial counties.

Hon. Mr. Croll: May I just say this, that early in my political life, in about 1924, I learned to pronounce "Temiscouata" because it was the name of the constituency represented in the other house by my honourable friend who is now the senator from De Durantaye (Hon. Mr. Pouliot). In this chamber we ought not to take lightly a proposed change in the name of such a constituency. Here is a colleague who stands in this house and tells us that his family has been associated with the riding since 1874. It was represented by his father, and by his grandfather. That is something that should fire the imagination of this chamber and the country. Historically, that is of great importance. Even though some may think it is not important that the constituency was represented continuously by Liberals, there are those of us who share the view of the last speaker and consider that too has some significance.

The question that struck me when I looked at the bill was, why could not the new name of the riding be Temiscouata-Rivière du Loup, so as to ensure that a name as significant as Temiscouata would retain its prominence on our statute books and in our records? The name Temiscouata has a picturesqueness about it. I have never seen the riding in its physical form, but its former member (Hon. Mr. Pouliot) was himself as picturesque as he has described the riding to be. I know that to people all across Canada the riding of Temiscouata had a picturesqueness of appeal that was for the good of the country.

Hon. Mr. Aseltine: I would draw to the honourable senator's attention that this is now a public bill, as it has been passed by the other house, but it is not a Government-sponsored bill.

Hon. Mr. Croll: I was not attaching blame to anyone. I thought it was a Government bill.

Hon. Mr. Aseltine: I just wanted to make it clear that I did not advocate the change.

Hon. Mr. Croll: It is not my intention to mix into the business of a local riding, but as one who has had a mental association with this riding for a great many years I regret what has been done. If our honourable colleague who formerly represented the riding had indicated opposition to the bill I certainly would have voted to support him, particularly in light of the fact that this is a private bill. I am not going to hold it up at all, but I wanted to indicate that these things should not be treated lightly. They are matters of some consequence. We are a young country, building an historic background, and we should not lightly discard or change the name of a constituency such as this just because it appears convenient to do so. The riding has meant something. Rivière du Loup means something too, but it will take a long, long time before it has the same significance as Temiscouata has throughout Canada.

Hon. Mr. Pouliot: With leave of the Senate, I wish to thank my honourable colleague for his gracious speech, and to congratulate him upon the excellent manner in which he has pronounced "Temiscouata". I must tell him that it means "deep water"—and, as you know, still water runs deep.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. Mr. Croll: As a private bill it must be referred to committee.

Hon. Mr. Aseltine: I understand it is a public bill now, having passed the other house. Therefore, it does not have to go to a committee of this house.

Hon. Mr. Méthot: Honourable senators, with leave, I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

DIVORCE

BILLS—SECOND READINGS

Hon. Mr. Croll, for Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill SD-234, an Act for the relief of Marcelle Flore Terreault Wright.

Bill SD-235, an Act for the relief of Daisy Naydia Pretula Link.

Bill SD-236, an Act for the relief of Alexander Hill Forbes.

Bill SD-237, an Act for the relief of Barbara Ann Mary Curran Albrechtson.

Bill SD-238, an Act for the relief of Dorothy Vera Doyle Trudel.

Bill SD-239, an Act for the relief of Mary May Helen McCormick Moran.

Bill SD-240, an Act for the relief of Ethel Marguerite Nimick Hemmings.

Bill SD-241, an Act for the relief of James Donald McAllister.

Bill SD-242, an Act for the relief of Heather Joan Maxwell Firth.

Bill SD-243, an Act for the relief of Suzanne Mary Florence Peyton Young.

Bill SD-244, an Act for the relief of Elizabeth Ann Nelson Bissett.

Bill SD-245, an Act for the relief of Moira Elizabeth Latham Bruce.

Bill SD-246, an Act for the relief of Audrey Edwardeen Scanlan Grayburn.

Motion agreed to and bills read second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Croll: Next sitting.

The Senate adjourned until Tuesday, May 12, at 8 p.m.

THE SENATE

Tuesday, May 12, 1959

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

Prayers.

CUSTOMS TARIFF AND NEW ZEALAND TRADE AGREEMENT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-44, to amend the Customs Tariff and The New Zealand Trade Agreement Act, 1932.

Bill read first time.

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

Hon. W. M. Aseltine: Honourable senators will remember that a year ago, when we had before us a similar bill to amend the Customs Act, it was suggested that it would be helpful to the members of the Senate if a table were filed setting out the new rates and the rates in effect prior to the budget being brought down. I now have in my hand a table which sets out the rates of duties provided for in Bill C-44 and the corresponding rates in effect prior to the budget. Is it agreeable to honourable senators that it be printed in the *Minutes of the Proceedings* of this date?

Hon. Senators: Agreed.

Hon. Mr. Crerar: Honourable senators, speaking only for myself I welcome very heartily the suggestion made by the Leader of the Government (Hon. Mr. Aseltine). I studied this bill within the last few days, since it has been passed by the Commons. There are no explanatory notes, and one is lost without knowing the points from which the changes are taking place.

Hon. Mr. Aseltine: That is the idea I had in mind.

Honourable senators, I therefore move that a table setting out the rates of duty provided for in Bill C-44, an Act to amend the Customs Tariff and The New Zealand Trade Agreement Act, 1932, and the corresponding rates in effect prior to the 1959 budget, be printed as an appendix to the *Minutes of the Proceedings* of the Senate of this day.

Motion agreed to.

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

Hon. Mr. Aseltine: Thursday next.

EXCISE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-45, to amend the Excise Act.

Bill read first time.

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

Hon. Mr. Aseltine: Thursday next.

OLD AGE SECURITY BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-46, to amend the Old Age Security Act.

Bill read first time.

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

Hon. Mr. Aseltine: Thursday next.

LENGTH AND MASS UNITS BILL

FIRST READING

Hon. Mr. Aseltine presented Bill S-20, to amend the Length and Mass Units Act.

Bill read first time.

Hon. W. Ross Macdonald: I wonder if the Leader of the Government (Hon. Mr. Aseltine) could give us some inkling of what this bill is all about.

Hon. Mr. Aseltine: Not expecting to make an explanation tonight I did not bring my file. However, I can say that the bill has to do with the relationship between the pound and the kilogramme. There is quite a complicated formula involved.

Hon. Mr. Euler: We need a blackboard here.

Hon. Mr. Aseltine: The act, which was passed in 1951, contains the figures, but there has been a slight change since the whole matter has been gone into between Canada, the United States and Australia.

Hon. Mr. Macdonald: Has that anything to do with inflation?

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

Hon. Mr. Aseltine: Thursday next.

WEIGHTS AND MEASURES BILL

FIRST READING

Hon. Mr. Aseltine presented Bill S-21, to amend the Weights and Measures Act.

Bill read first time.

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

Hon. Mr. Aseltine: Thursday next.

DIVORCE

PETITION

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the following petition:

Of Rose Celia Logette Werbitt, of Montreal, Quebec, praying for the passage of an act to dissolve her marriage with Saul Werbitt.

He said: Honourable senators, may I say by way of explanation that a petition in this name was filed in 1957 and the fees were paid. The parties are going to ask for a refund of a portion of the fees, as I understand they have become reconciled. Our financial advisor tells us the presentation of this new petition will facilitate the handing back of a portion of the money. This being a mere technicality, it is not affected by the fact that the time for the presenting of petitions has passed.

Some Hon. Senators: Agreed.

REPORTS OF COMMITTEE

Hon. Mr. Roebuck, presented the committee's reports Nos. 285 to 300, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

AUSTRIA

NOTICE OF RESOLUTION FOR APPROVAL OF STATE TREATY

Hon. Mr. Aseltine: Honourable senators, I give notice that on Thursday next, May 14, I will move:

Resolved: That it is expedient that the Houses of Parliament do approve the state treaty for the re-establishment of an independent and democratic Austria, signed at Vienna, May 15, 1955, and that this house do approve the same.

Later:

Hon. W. D. Euler: May I ask my honourable friend why this agreement signed at Vienna takes four years to come to this House for ratification?

Hon. Mr. Aseltine: I do not think I can answer that question, but I am sure that when the honourable senator on this side of the house introduces the treaty for approval he will have the explanation.

Hon. W. Ross Macdonald: I was going to ask the Leader of the Government (Hon. Mr. Aseltine) if it is possible to have a copy of the treaty distributed. Probably it was distributed some time ago—I do not know—but I think we should see the treaty before we are asked to approve of it.

Hon. A. K. Hugessen: I received a copy in my box this afternoon.

Hon. Mr. Aseltine: I understood it was distributed, but if it was not I will—

Hon. Mr. Macdonald: I have just received a copy now.

DIVORCE

BILLS—FIRST READINGS

Hon. Mr. Roebuck presented the following bills:

Bill SD-247, an Act for the relief of Oscar Roy.

Bill SD-248, an Act for the relief of Rosy Fish Tatelman.

Bill SD-249, an Act for the relief of John Andrew Buzzell.

Bill SD-250, an Act for the relief of Barbara Lucy Bain Forbes Logan.

Bill SD-251, an Act for the relief of Ghitta Caiserman Pinsky.

Bill SD-252, an Act for the relief of Florida Seyer Girard.

Bill SD-253, an Act for the relief of Maria Adriana Sluis Metcalfe.

Bill SD-254, an Act for the relief of Irene Kramer Segal.

Bill SD-255, an Act for the relief of Lois Genevieve Good Mulcahy.

Bill SD-256, an Act for the relief of Frances Lerner Rotman.

Bill SD-257, an Act for the relief of Mose Takacs.

Bill SD-258, an Act for the relief of Catherine Mary Rita Durning Dossett.

Bill SD-259, an Act for the relief of Dorothy Elizabeth Fremantle Fleming.

Bill SD-260, an Act for the relief of Donald Edward Cook.

Bill SD-261, an Act for the relief of Maria Carmella Gentile Hammill.

Bill SD-262, an Act for the relief of Ivy Mildred Patch MacDonald.

Bill SD-263, an Act for the relief of Mary Friend Bond.

Bill SD-264, an Act for the relief of Eleanor Patricia Henderson Cosh.

Bill SD-265, an Act for the relief of Patricia McDonald Bouthillette.

Bill SD-266, an Act for the relief of Louis Marcel Blondin.

Bill SD-267, an Act for the relief of Janet Marianne Louise Kippen Coulombe.

Bill SD-268, an Act for the relief of Demetra Paul Garini Liogas.

Bill SD-269, an Act for the relief of Paul Alexander Cross.

Bill SD-270, an Act for the relief of Elisabeth Marguerite Le Febvre Walker.

Bill SD-271, an Act for the relief of Joseph Roger Wilfrid Girard Frigon.

Bill SD-272, an Act for the relief of Jean Paul Frechette. (Annulment).

Bill SD-273, an Act for the relief of Ben Plotkin.

Bill SD-274, an Act for the relief of Tibor Matthias Miletics.

Bills read the first time.

The Hon. the Speaker: Honourable senators, when shall these bills be read the second time.

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

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following documents:

State Treaty for the re-establishment of an independent and democratic Austria, signed at Vienna May 15, 1955, entered into force July 27, 1955. (English and French texts).

Statistical report of fire losses in Canada, 1957. (English and French texts).

Report of the Royal Canadian Mounted Police for the fiscal year ended March 31, 1958. (French text).

Report on levels of Strontium-90 in Canadian Milk Powder Samples up to the end of December, 1958, prepared by the Radiation Division, Department of National Health and Welfare. (English and French texts).

Joint Communique issued on May 6, 1959, on the Food for Peace Conference, held at Washington, from May 4 to 6, 1959. (English text).

Later:

FOOD FOR PEACE CONFERENCE

JOINT COMMUNIQUE

Hon. Mr. Macdonald: Honourable senators, if I may refer to the document the Leader of the Government (Hon. Mr. Aseltine) tabled earlier this evening in connection with the Food for Peace Conference, I would suggest that this document appear as an appendix to *Hansard*.

Hon. Mr. Aseltine: It is not a lengthy document, and it is quite agreeable to the Government to have it printed in *Hansard* if that is the wish of the Senate.

Hon. Mr. Macdonald: I think it should be done.

Hon. Senators: Agreed.

See Appendix to today's Hansard, *pp. 595-6.*

IMMIGRATION

INQUIRY

On the inquiry by Hon. Mrs. Wilson:

Pertaining to Order in Council P.C. 1959-310, dated March 19, 1959, which appeared in *The Canada Gazette*, Part II, Volume 93, of April 8, 1959:

1. (a) How many persons were admitted to Canada since May 24, 1956, to the latest available date, from each of the countries covered by the revoked paragraph (c) of section 20 of the Immigration Regulations?

(b) How many of these persons from each of these countries were:

(i) Married children, and the unmarried members of their respective families?

(ii) Brothers, and their wives and unmarried children?

(iii) Sisters, and their husbands and unmarried children?

2. On March 19, 1959, or at the nearest available date, how many applications were there from each of the countries covered by former paragraph (c) of section 20 of the Immigration Regulations, in the 3 categories listed in question 1(b)?

3. What are the definitions of the special skills of the persons who are to be substituted in immigration selection for the close relatives of families now living in Canada?

Hon. Mr. Aseltine: Honourable senators, I have the answer to the inquiry of the honourable senator from Rockcliffe (Hon. Mrs. Wilson). It is a very involved document, with two appendixes, the second of which contains seven pages in small type, and I would suggest that it be tabled. I will provide the honourable senator with a copy of the answer for her examination, and perhaps she could let me know tomorrow whether she wants it printed in our records. I hope this suggestion is satisfactory.

Hon. Mrs. Wilson: Thank you.

DIVORCE

BILLS—THIRD READINGS

Hon. Mr. Roebuck moved the third reading of the following bills:

Bill SD-234, an Act for the relief of Marcelle Flore Terreault Wright.

Bill SD-235, an Act for the relief of Daisy Naydia Pretula Link.

Bill SD-236, an Act of the relief of Alexander Hill Forbes.

Bill SD-237, an Act for the relief of Barbara Ann Mary Curran Albrechtson.

Bill SD-238, an Act for the relief of Dorothy Vera Doyle Trudel.

Bill SD-239, an Act for the relief of Mary May Helen McCormick Moran.

Bill SD-240, an Act for the relief of Ethel Marguerite Nimick Hemmings.

Bill SD-241, an Act for the relief of James Donald McAllister.

Bill SD-242, an Act for the relief of Heather Joan Maxwell Firth.

Bill SD-243, an Act for the relief of Suzanne Mary Florence Peyton Young.

Bill SD-244, an Act for the relief of Elizabeth Ann Nelson Bissett.

Bill SD-245, an Act for the relief of Moira Elizabeth Latham Bruce.

Bill SD-246, an Act for the relief of Audrey Edwardeen Scanlan Grayburn.

Motion agreed to and bills read third time and passed, on division.

PARLIAMENTARY SECRETARIES BILL

SECOND READING

The Senate resumed from Wednesday, May 6, the adjourned debate on the motion of Hon. Mr. Aseltine for the second reading of Bill C-37, to provide for the appointment of Parliamentary Secretaries to Ministers.

Hon. Wishart McL. Robertson: Honourable senators, when I was Leader of the Government in the Senate I advanced the suggestion that, in regard to legislation and Government activities in general, the Senate should have more information than it was getting from me. Despairing the probability of there ever being more ministers of the Crown appointed from this house, I suggested it might be worth while to consider the idea of appointing parliamentary assistants from members within this chamber. I cannot say my suggestion met with any great support at that time, and I am quite sure if I advanced it again it would meet with no greater support. I therefore have no intention of advancing this idea seriously on the present occasion. I must say, however, that it is difficult for me to understand why in a Parliament made up of two houses, both of which must consider all legislation, the lower house should have a total of 38 ministers of the Crown and parliamentary secretaries and this house should have none. I suppose the best way to view this is to consider it as a subtle compliment to the Senate that the Government thinks the members of this house possess the intelligence and experience to appreciate quickly the import of legislation, whereas members of the other house are not so fortunate.

Hon. Mr. Brunt: We all agree with you on that.

Hon. Mr. Robertson: Nevertheless, the facts are as I have stated. Now, I do not want to be misunderstood in what I say. While we have no ministers of the Crown here and I suppose it is not contemplated we shall have any parliamentary secretaries under this legislation, I do not wish to suggest we are without information, for the present Leader of the Government (Hon. Mr. Aseltine) is a host in himself. He has the same advantage that I had when I occupied his position: he has some very capable men around him who make it their business to study legislation that is placed before the Senate and they make very creditable presentations. Nevertheless, the fact remains that in essence we are like what the late lamented Will Rogers used to say of himself, that all we know is what we read in the newspapers. I do not by any means disparage the presentation of legislation made by members of this house. Honourable senators who have been here for some time will remember that some years ago it was suggested we might get more legislation introduced in the Senate if we amended our rules to permit ministers from the other house to come into this chamber and present legislation. I believe that was done on two or three occasions. I was not particularly intrigued with the idea, but my colleagues thought it was a good one, and so we put it into force and amended our rules accordingly. As I say, on two or three occasions members of the Government came and presented their legislation in the Senate. I thought they did a good job, but I remember that shortly after that one of our very esteemed colleagues, the late Senator Nicol, from Sherbrooke, took violent objection to the practice, stating there was no minister who presented legislation half as well in this house as did our own members. He saw no reason for a continuation of this practice. Whether his observations had anything to do with it, no minister from the Commons has introduced legislation here since.

I am in no way reflecting on members of this Senate who present legislation as they did in my day. However, I feel grave concern that over the years—and I include the period when I was a member of the Government—consciously or unconsciously, though not at all intentionally, the Senate year by year is being down graded. That is not in keeping with practice in the Imperial Parliament, where members of the Crown sit in the upper house. Originally that was the case here, but that has been pretty well done away with. But I have an uncomfortable feeling that gradually, year after year, the position of the Senate and its esteem in a public way is not being upgraded as much as it should be. I do not suggest, as some people do, that the Government has anything to do with it. The Government had nothing to do with it in my day, when

Mr. King and Mr. St. Laurent led the Government, for I think both were favourably interested. I am quite prepared to believe that the present Prime Minister has the same frame of mind. Nevertheless, unconsciously these things happen. Governments are so harrassed with the duties and important responsibilities which face them from day to day that sometimes they do not give sufficient thought to what is going on. Then again other things take place with which Governments have nothing to do. We had a little flurry and comment in this house the other day when it was stated that there is a steady lessening of the representation of this house at international conferences. I think the specific instance given was that out of 20 parliamentarians who are going to the Atlantic Congress, only two are from the Senate. Well, the Government had nothing to do with that. If anyone is to blame it is ourselves. The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) pointed out that some years ago there were two senators out of seven representatives to the Commonwealth Parliamentary Association. The Senate's representation on that body has dropped to one, and we might be lucky if indeed it does not drop out of existence entirely. The Government has had nothing to do with that; that is our fault, I suspect. I think it is the responsibility of the leaders of the Government and the Opposition in this chamber to keep themselves abreast of what is going on and what is likely to come up, and to see that their interests are looked after. As my honourable friend pointed out, it is no good to suggest that one or two more senators should attend the Atlantic Congress. As he said, quite rightly, the delegation has been named, and to protest now is like locking the stable door after the horse has been stolen. In that regard, I suggest that the Association might very well, if indeed it has not already done so, take the Speaker into their confidence, because it seems to me that in recent years the precedent that was established in connection with the delegation sent to Washington representing our Parliament is a very much fairer arrangement. I believe the proportion of representation was three from this house and six from the other house. Subsequently, I think one was added from the other house because of the problems in respect to parliamentary representation. The proportion of one-third from the Senate is not a bad basis.

I think we should keep abreast of what things are coming up and assert our rights. If for some reason no one will go as a representative of this house, that is an entirely different matter, but we should not be precluded from having a fair representation. I want to warn honourable senators that if this condition goes on year after year, circumstances may possibly give rise to the question whether we fill any place at all. Is it not so that our position in the whole structure of government or parliamentary operation is not being taken seriously? To me—and coming as I do from the Maritime provinces, I feel this intensely —it would be a calamity if for any reason the Senate of Canada should cease to exist. I know that various reasons are given for its existence, such as the giving of sober second thought to legislation, and so on; but in my view, and thinking back to the days of Confederation, the real purpose in the establishment of the Senate was the protection of minorities. A friend of mine once said to me, "If that is so, can you tell me of any instance since Confederation when the Senate was called upon to protect a minority?" With my limited knowledge of these matters I could not recall any. I said in defence that I thought the various governments that have existed in Canada since Confederation have had such good judgment that none has ever asked Parliament to pass legislation which would prejudicially affect a minority in Canada, and that if any one ever did, it would be furiously resisted by the Senate. My friend then said, "Do you believe that any government in the future would do differently?" I replied, "I don't know, but I would hate to see the institution drop out of existence through misuse, or a sort of indifference, and have that occasion arise."

Honourable senators, I think there probably is in Canada a very great difference of opinion on that very point. For instance, I would be prepared to believe that, broad and long, the people of Ontario would not be particularly interested. It must be remembered that the bringing into existence of the Senate came when Canada consisted of three geographical divisions: Ontario, Quebec and the Maritime provinces. The West then had not reached a stage of development that entitled it to representation. I have an idea that the creation of the Senate largely resulted by reason of the fact that the province of Quebec and the Maritime provinces insisted upon it, for different reasons, but very good reasons. Over the years there has been a curious friendship and common interest between Quebec and the Maritime provinces. I think that springs from the thought that one was a minority of racial origin and the other a minority based on economics. I would be quite prepared to believe that the West is not as interested in

the Senate as are Quebec and the Maritime provinces. I would suspect that if ever a question arose respecting minorities the province of Quebec and the Maritime provinces would find a common ground, for entirely different reasons.

At one time I planned to introduce a motion that would open discussion on the Senate's role as a protector of minorities. I have never done so and perhaps I never shall. But I feel instinctively that the Senate has that role and that it should have greater public recognition. I am not opposing this legislation, and I am quite reconciled to the view that the number of ministers of the Crown and parliamentary assistants in the Commons as compared with the number in the Senate should be in the order of 38 to 0, but I would like to hear somebody present a reasoned argument to justify it.

Hon. John J. Connolly (Ottawa West): Honourable senators, I do not propose to detain the house for more than a few minutes, but in view of some of the things the honourable gentleman from Shelburne (Hon. Mr. Robertson) has mentioned I would like to say a few words on this bill.

In the first place, this is not the first time that this chamber has debated the question of the appointment of parliamentary secretaries. In 1908 there was a motion made in this chamber by Senator Ross of Middlesex —I think he was a member of the Opposition at the time—urging the Government to consider the appointment of parliamentary secretaries in Canada. At that time there was a fairly lengthy debate—a practice somewhat like our present debates—which stretched out over three or four weeks, the motion making perhaps one appearance a week, and a good many of the senators took part. They referred at that time to an attempt made by Sir John Macdonald about fifteen years before to do something like appointing parliamentary secretaries when he established the Department of Trade and Commerce. Well, the opinion of the Senate was recorded, but it was quite a few years before action was taken.

Now, it is true that, strictly speaking, this bill does not affect us, and I am not too full of solicitude for the position of the people of the lower house—I think its members can look after themselves pretty well, at least they always have. But I am concerned about what might be happening to the position of this chamber and what the honourable gentleman from Shelburne has said perhaps points it up.

If we are in fact patterned on the British organization we certainly do not seem to follow it in the respect that he mentions. I find that in June of 1958—and I think this shows the position that has obtained in England for a good many years—of 19 members of the administration who are in the cabinet, four were in the House of Lords. They were not insignificant ministers—they were the Lord Chancellor, the Secretary of State for Commonwealth Relations, the Lord President of the Council and the Minister of Power. There were 18 other ministers in the British administration who were not of the cabinet, and of those, five were in the Lords. They were the First Lord of the Admiralty, a minister without portfolio, and three Ministers of State—one for Scottish Affairs, one for Colonial Affairs and one for Welsh Affairs. And of some 24 joint parliamentary secretaries or parliamentary secretaries or people who occupy offices of that order, two were in the Lords.

That is the position which obtains in the United Kingdom today and I think it has obtained for quite a few years. Perhaps Government representation in the upper house was even greater in other years.

In this chamber, so far as the records disclose, we have had at various times ministers occupying one or more of eleven portfolios.

We have had three members here who were Ministers of Justice: Sir Alexander Campbell, Sir Oliver Mowat and the Honourable David Mills.

We have had a Secretary of State, Sir Richard Scott.

We have had two Ministers of Trade and Commerce: Sir Mackenzie Bowell and Sir Richard Cartwright.

We have had a Minister of Milita and Defence, Sir Alexander Campbell.

We have had two Postmasters General: Sir Alexander Campbell and the Honourable P. E. Blondin.

We have had two Ministers of the Interior: Sir Alexander Campbell and Sir David Macpherson.

We have had four Ministers of Agriculture: Sir Thomas Chapais, Sir John Carling, the Honourable A. R. Angers and the Honourable C. A. M. Pelletier.

We have had a Minister of Marine and Fisheries, the Honourable Peter Mitchell.

We have had a Minister of Labour, the Honourable Gideon Robertson.

We have had a Minister of Soldiers Civil Re-establishment, Sir James Lougheed.

We have had a Solicitor General, the Honourable W. Ross Macdonald.

And we have had two Prime Ministers sit in this chamber, Sir John Abbott, and Sir Mackenzie Bowell.

I know that most of these ministers sat here many years ago. We have of course

for a good many years always had a minister without portfolio leading the Government in this chamber, and I heartily agree with what the honourable gentlemen from Shelburne has said with respect to the present Leader of the Government (Hon. Mr. Aseltine) and the gentlemen who are supporting him and the kind of information they give us. But I think there was a case made in 1908, and it has been made a good many times since, that better, more extensive cabinet representation in this chamber would be an asset for this chamber. I would also point out that it might very well be an advantage in getting parliamentary business done more expeditiously. I know, and all of us know, that ministers like to introduce their own bills in Parliament. Of course you could say to me, "We did not have more ministers here under the old Government." That is true, but I think that as members of this chamber we want to look at the position within our own chamber.

I do not advocate that this bill be extended to include the Senate in the sense that we might get parliamentary secretaries here and not ministers. That would be a serious mistake.

Another point to which I think we should give consideration is this: there is a body of opinion in this chamber, and I think in the country, holding the view that this chamber would be better organized if it were fashioned somewhat along the lines of the Senate of the United States, where there is no member of the administration.

Hon. Mr. Lambert: Hear, hear.

Hon. Mr. Connolly (Ottawa West): This opinion has been expressed by responsible parliamentarians and by students of constitutional law in Canada. Perhaps we are getting to that point by default, and perhaps such a change might result in this chamber becoming more of a legislative court of appeal, being even more non-partisan and objective than it is at the present time.

Honourable senators, I do not attempt to offer a solution to either of these problems. I am much too junior a member of this chamber even to suggest what line should be taken. But it does occur to me that these are problems we should all think about, and the present administration—indeed, any administration—should give them consideration.

In earlier days when there were many ministers in this chamber, the parliamentary session lasted for three or four months. Today Parliament is assembled in this capital for five, six and even seven months. The British parliamentarians are constantly changing their rules to expedite the business Parliament does in that country. Perhaps we can take a leaf from their book in that respect, with a view to giving more serious attention to the use of the Senate to expedite the work of Parliament.

The other evening we had a vote in this chamber on the motion with respect to referring the matter of inflation to the Standing Committee on Finance. Someone said that in that vote the Government was defeated in the Senate. That is not so, because the honourable gentleman who is the Leader of the Government in this chamber, who opposed the motion, is not a member of the Privy Council. He is not bound by the rule that makes every Privy Councillor at least say the same thing, even if perhaps he thinks otherwise at times. The honourable leader was expressing a personal view by his vote, and I think that is the constitutional position we must all take.

While I am perhaps completely out of order, Mr. Speaker, in discussing the constitutional position of the Senate on the motion for second reading of this bill, I do think it presents an opportunity for consideration of the position of the Senate in the background of the appointment of parliamentary secretaries.

Hon. W. D. Euler: Honourable senators, my remarks will be brief. I had not intended to take any part in this discussion, because I am more or less in agreement with what was said by the honourable senator from Shelburne (Hon. Mr. Robertson), that this matter of the appointment of parliamentary secretaries or assistants is a matter for the House of Commons. In other words, to put it very bluntly, I think it is none of our business. But I am compelled to rise to disagree with my very good friend from Ottawa West (Hon. Mr. Connolly).

To go into a bit of ancient parliamentary history, if I may, I was elected to the House of Commons in 1917, at the time of the great conscription election. I was a supporter of Sir Wilfrid Laurier. In their first session new members are supposed to say nothing and wait at least until their second session to speak. Many of us did not observe that tradition. I think probably one of those who did not was my good friend from Gulf (Hon. Mr. Power). We are the only two survivors of that Parliament.

I had the temerity to say at that time, because I felt very strongly on this question, that members of the cabinet should be members of the House of Commons and not of the Senate. I moved a resolution to that effect because the Government had three cabinet ministers with portfolios who were members of the Senate. I thought democracy

meant what it said. Now I do not feel quite so strongly about it, because in some respects we have democracy in name only. But I felt that when a minister was in charge of a portfolio and had the expenditure of millions of dollars—now it is billions of dollars—he should be in a position where he could be called to account for anything he did, and that was not possible when he was a member of this chamber; at least, he could not be readily questioned.

I do not know whether what I said had anything to do with the change, but the practice was discontinued and has not been followed since. There has been only one exception, and perhaps I should mention it: my honourable friend the Leader of the Opposition in this house (Hon. Mr. Macdonald) held the portfolio of Solicitor General while a member of this house. But his was not a spending portfolio. As a general practice, I believe that members of the cabinet should be members of the House of Commons, where they can be held to account for what they do.

The precedent of the House of Lords does not appeal to me. I know I am out of order in saying this—

Hon. Mr. Macdonald: You are not the first one.

Hon. Mr. Euler: Perhaps this is something I should not say, but I have never been able to understand why any person should be placed in a position of great authority, without the vote of the people, just because he happens to be born of a certain father and mother. That is perhaps putting it a little strongly, but that is my own view.

I repeat: I believe if persons are to have the supreme responsibility of being members of the cabinet they should be members of the House of Commons and not of the Senate. We can cite the Senate of the United States as an example, since there are no cabinet members in that house. As a matter of fact, there are no cabinet members in the House of Representatives. This, in my opinion, is most undemocratic. But, after all, the United States senators are elected, and we are not. The senators in Australia also are elected, as are the senators of the South African Republic. I think the Canadian Senate is the only house in the Commonwealth where the members are not elected, except perhaps the Senate of New Zealand.

Hon. Mr. Macdonald: There is no longer a New Zealand Senate.

Hon. Mr. Euler: New Zealand talked for some time of abolishing the non-elective feature of its Senate, and I am glad to hear my friend say it no longer has a non-elective Senate.

Mr. Speaker, I apologize for saying what I have, knowing that I am out of order. But, with due respect, I think the house has been out of order on many occasions in the past few weeks. Of course, that is no reflection on you, Mr. Speaker.

Honourable senators, I just wish to make my position entirely clear, that I disagree with the view of my honourable friend from Ottawa West that the Senate should have among its membership cabinet ministers holding portfolios.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Aseltine, bill referred to Standing Committee on Banking and Commerce.

VETERANS REHABILITATION BILL

SECOND READING

Hon. George S. White moved the second reading of Bill C-31, to amend the Veterans Rehabilitation Act.

He said: Honourable senators, Bill C-31 amends the Veterans Rehabilitation Act. This act, which was passed shortly after the first war, provided important rehabilitation aids to veterans of World War II and those who served in Korea. The principal benefits under the act have been of an educational nature. Veterans have received vocational, technical, pre-matriculation, and both undergraduate and post-graduate university training under the provisions of this act. This training has been of great value to many veterans, of whom more than 100,000 have completed their courses.

As honourable senators know, the largest part of this training was given during the post-war years. At the present time there are some 60 veterans of World War II taking training, of whom 40 are at the universities. There are 25 of those veterans who served in Korea who are pursuing their studies, with two or three of them at the universities.

I would like to read to honourable senators a comment from the brief presented by the Canadian Legion to the Veterans Affairs Committee of the House of Commons with reference to the bill. It is to be found at page 198 of the report of the Standing Committee on Veterans Affairs for Monday, March 23:

> Having carefully considered the terms of Bill C-31, we believe that none of the proposals contained therein tend in any way to reduce or abolish any benefits which are now or are likely to become available to veterans. The bill appears only to delete those sections of the Veterans Rehabilitation Act which are either no longer applicable or which are provided for in other legislation or regulations.

The record of the other house shows that the bill received the support of all parties in that house. It was then referred to the Standing Committee on Veterans Affairs, where it was thoroughly examined and endorsed by all members of the committee. It had the unanimous support of the house on the third reading.

Many parts of the bill are purely of an administrative nature, whereby certain sections of the act are deleted because they apply to benefits which were payable shortly after the war, all of which benefits have been paid. There are no veterans at present who are eligible for those benefits.

If there are any questions that any honourable senator would like to have answered in regard to any particular section I may say that I have certain information which I would be very glad to give.

Hon. Mr. McDonald: Would the honourable senator from Hastings-Frontenac (Hon. Mr. White) kindly tell me how many members of the military forces took advantage of the opportunity of the training offered them in colleges after World War II?

Hon. Mr. White: The only information I have is that the number is somewhere around 100,000.

Hon. W. Ross Macdonald: Honourable senators, I presume this bill will be sent to a committee?

Hon. Mr. White: Yes. I intend to move that it be referred to the Committee on Banking and Commerce.

Hon. Mr. Macdonald: I hoped it would go to committee because there is considerable further information which I would like to obtain.

I point out that this act which is being amended is part of the Veterans' Charter. The members of the Senate have always taken a great interest in veterans' affairs. As was mentioned a short time ago, Sir James Lougheed was at one time Minister of Soldiers' Civil Re-establishment, and honourable senators will recall that the late Senator Dr. King, when he was a member of the other house, was Minister of Health and Soldiers' Civil Re-establishment. And of course we all recall the great interest that the honourable senator from Gulf (Hon. Mr. Power) has taken in veterans' affairs. From the time he went into the house in 1917 he was on every committee which dealt with veterans' matters; in fact, he was chairman of most of those committees. If my memory serves me correctly, the honourable senator from Gulf was not only the Minister of Pensions, but while holding that office he acted as chairman of the special committees which were set up in that house to consider veterans' affairs.

There was one other senator, since deceased, who also had a great deal to do with the legislation which is now on the statute books in connection with matters relating to veterans. I refer to the late Right Honourable Ian Mackenzie. He became Minister of Pensions and National Health in 1939, and he served in that capacity throughout the war, until 1944, when the department was reconstituted and he became Minister of Veterans Affairs. It was under the late Right Honourable Ian Mackenzie that the Veterans' Charter was put into effect.

Honourable senators, the Veterans' Charter served the veterans of the Second World War and the veterans of the Korean War very well indeed. Since the present administration has been in power it has made very few amendments to any of the acts contained in the Veterans' Charter. There has been no substantial amendment, except a provision for increased allowances to so-called burnt-out veterans. As far as I can see, the main purpose of the bill is to shorten the present act. I think I am safe in saying that with one exception every clause in the bill repeals an existing section of the act. The explanatory notes on the right-hand side of page 1 of the bill, dealing with clause 1, read:

> The repeal of this paragraph is consequential upon the repeal of sections 4 and 5 by clause 3.

Then, at the bottom of this page, referring to sections 4 and 5, we see these words:

> There are no veterans to whom this allowance could now be paid.

Then, turning to the explanatory notes opposite page 2, in the last paragraph we read:

> There are no veterans who could now qualify for an allowance under either section 4 or 5.

And in the explanatory notes opposite page 3:

> There are no veterans now eligible to receive a rehabilitation grant.

Similar words are used in connection with each clause in the bill except clause 6, the explanatory notes on which read:

> Paragraph (c) of subsection (2) of this section permits a veteran who received an allowance under this act enabling him to take an under-graduate or post-graduate course of not more than nine months at a university to repay the amount of the allowance received by him together with any costs incurred by the minister in respect of the course and thereby qualify for benefits under the Veterans' Land Act. The purpose of this amendment is to allow the minister to pay to a veteran who repays this allowance and subsequently receives no benefits under the Veterans' Land Act the amount repaid by the veteran.

That is the only constructive clause I can see in the bill. I have no objection to it and I presume no one else has, and therefore the bill will probably receive the unanimous approval of this house. However, I still think the bill should be referred to committee.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. White, bill referred to Standing Committee on Banking and Commerce.

WAR SERVICE GRANTS BILL

SECOND READING

Hon. George S. White moved the second reading of Bill C-32, to amend the War Service Grants Act.

He said: Honourable senators, this bill contains several amendments but before commenting on them I would like to say to the honourable Leader of the Opposition (Hon. Mr. Macdonald) that, as he is probably aware, the Standing Committee on Veterans Affairs of the other house is undertaking a review of all legislation dealing with veterans, including the Veterans Rehabilitation Act, the War Service Grants Act and the Veterans' Land Act. While it is quite true that many sections are being deleted from the Veterans Rehabilitation Act, I think the honourable senator will agree there is no further need for them and they are simply being taken out in the process of tidying up the legislation.

Several sections are being deleted from the War Service Grants Act for the same reason: they are no longer required. For example, clause 1 of the bill repeals paragraph (a) of section 2 of the act, which provides for a Board of Review. As honourable senators are aware, the Board of Review establishes the service record of a veteran who has been dishonourably discharged, and it has the right to review his case and decide whether or not it should recommend that the veteran receive any benefits under the act.

Section 2, paragraph (i) of the act defines a "home". The field men of the department have found that in many cases a single veteran resides with his parents who are either partially or fully dependent upon him for support, but the veteran is unable to qualify for benefits under the act because his parents are the owners of the home. Clause 1, subclause 2, of the bill extends the benefits to such veterans.

Clause 5 of the bill, which caused considerable debate and discussion in the Veterans Affairs Committee of the other house, has to do with benefits that accrue to a veteran who is mentally ill. The amendment extends these benefits to the veteran's wife and his wholly or substantially dependent children. Clause 5 also provides that an unmarried veteran who has been confined to hospital with a mental infirmity, as a result of which he has been unable to use up all his re-establishment credit, may apply within one year of the date of his discharge from hospital for the unused portion of his re-establishment credit.

The main amendment in the bill is to be found in clause 7, which extends the time in which a veteran may obtain his re-establishment credit. Under the present act the time was within 15 years from the 30th day of September 1947.

Hon. Mr. Hayden: It was January 1, 1945, was it not, and has been changed to September 30, 1947?

Hon. Mr. White: Yes. The extension is 15 years from the 30th day of September 1947, or 15 years from the date of discharge of boys who served in Korea.

It is rather interesting to note that even at this late date there are approximately 100,000 veterans of World War II who have unused re-establishment credits amounting to $18 million. Two-thirds have credits of less than $100. These total $2½ million.

Hon. Mr. Macdonald: What about the gratuities?

Hon. Mr. White: I am told that the gratuities are 99.9 per cent paid; in other words, they are all paid.

The remaining 40,000 veterans have amounts from $100 to over $1,000, which means a total liability of over $15 million. The officers of the department and the Government feel that every possible opportunity should be given to veterans to apply for these benefits. I am advised that the department is now going over the file of every veteran who still has a credit, and is making every effort to locate him to follow up the case so that they can close out his file.

Hon. Mr. Isnor: I wonder if the honourable senator would enlarge on that credit balance and tell us just how it is taken care of?

Hon. Mr. White: This was a credit for the veteran. Mr. Parliament, an official of the department, explained to the committee that it was made up in this way: $7.50 a month for each 30 days' service in Canada. When a man went overseas he was paid 25 cents a day extra for service overseas, plus a supplementary gratuity, which was seven days' pay and allowance for six months' service. He said that it figured out roughly at approximately $15 a month for overseas service.

Hon. Mr. Isnor: You mentioned the total amount that is unpaid?

Hon. Mr. White: The total amount that is unpaid is $18 million, which covers approximately 100,000 veterans, and of that number two-thirds have about $100 each coming to them. The other 40,000 have amounts from $100 to over $1,000.

Hon. Mr. Isnor: Is that $18 million a debt against the Government or the country at the present time?

Hon. Mr. White: I am advised that that money has already been provided and that there is no new money being spent under this bill.

Hon. Mr. Baird: In other words, these men receive this pay for only about six months' overseas service at $15 a month?

Hon. Mr. White: It works out at approximately $15 a month, yes.

Hon. Mr. Macdonald: Of course, some of them receive part of it.

Hon. Mr. White: Yes. Many of the men who are entitled to $100 have received certain benefits and have that small credit.

A further amendment, under clause 8, has to do with veterans who came under the Veterans' Land Act. In many of these cases, as honourable senators know, a man goes for a ten year period under the Veterans' Land Act in order to qualify and obtain his title, and in many cases it has been found that the veteran, after being established under the Veterans' Land Act, owing to circumstances over which he had no control had to give up his holding under that act. In such cases the veteran, who perhaps in many cases had to start to take his education and used his credits, and then wanted to come under the Veterans' Land Act, and paid back to the department what he had already received, could not then complete his ten-year term and had to give it up. He would leave whatever he had. Now provision is made that he will be reimbursed for what he has paid back.

Hon. Mr. Macdonald: Have you any idea of the number that would qualify under this section?

Hon. Mr. White: I could not give the honourable Leader of the Opposition that information, but I think he can easily recall from his own practice a number of veterans who started to take their credits. Then they were helped to pay the credits back, and they have come under the Veterans' Land Act, and have got in trouble under that act, because of sickness or family difficulties. The purpose is to help the veterans who unfortunately get into that position.

Hon. Mr. Macdonald: I agree with the section, but I was interested in knowing how many across Canada find themselves in that position.

Hon. Mr. White: I will be glad to get the information for the honourable Leader of the Opposition. One of the officials told me this was a condition that was reported from practically all the districts across Canada; it is not something that applies to just one local district or one province.

Hon. Mr. Hayden: This would be new money, then, would it not?

Hon. Mr. White: No, I would not say that, because the veteran was entitled to these credits anyway, you see. Perhaps he had started to go to college and had received certain benefits. To qualify under the Veterans' Land Act he would have to pay back everything he was paid for his education. So he pays it back and starts under the Veterans' Land Act, and therefore I cannot see that it is new money.

Hon. Mr. Hayden: It may be new money when he comes back under the grants for his credit.

Hon. Mr. White: Yes, but he really has earned those credits under the Veterans' Land Act.

Hon. Mr. MacDonald: Any addition would come out of the $18 million.

Hon. Mr. White: I would say so, yes.

Hon. Mr. Brunt: Everybody is helpful tonight!

Hon. Mr. White: Honourable senators, those are the main amendments to this act. This bill also has the approval of the Canadian Legion. It was thoroughly examined in the Veterans Affairs Committee of the other house and received the support of all parties there. When this debate is concluded I shall propose that the bill be referred to the Banking and Commerce Committee.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. White, bill referred to Standing Committee on Banking and Commerce.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(*See p. 586*)

FOOD FOR PEACE CONFERENCE

JOINT COMMUNIQUE

Joint communique, issued in Washington on May 6, 1959, following the Conference of Major Wheat Exporting Nations, implementing President Dwight D. Eisenhower's instructions to explore means of utilizing food "in the interest of reinforcing peace", which took place in Washington from May 4-6. The Governments were represented by the following cabinet members or heads of delegations:

For Argentina:	Rafæl Garcia-Mata Under Secretary of Agriculture Buenos Aires, Argentina
For Australia:	Sir John Crawford, Secretary Department of Trade Canberra, Australia
For Canada:	Hon. Gordon Churchill Minister of Trade and Commerce Ottawa, Canada
	Hon. Douglas S. Harkness Minister of Agriculture Ottawa, Canada
For France:	His Excellency Herve Alphand Ambassador of France Washington, D.C.
For the United States:	Ezra Taft Benson Secretary of Agriculture Department of Agriculture Washington, D.C.
	C. Douglas Dillon Under Secretary of State Department of State Washington, D.C.
	Clarence L. Miller Assistant Secretary of Agriculture Department of Agriculture Washington, D.C.
	Laurence B. Robbins Assistant Secretary of the Treasury Department of the Treasury Washington, D.C.

The Director-General of the Food and Agriculture Organization of the United Nations, Dr. B. R. Gen, participated in the discussion.

In addition to the delegates, senior officials of the five governments and F.A.O. were present.

In opening the Conference, Secretary Benson emphasized the need for the food surplus nations to increase their already considerable efforts to assist those peoples in need of additional food. He invited the participants, in the broad definition of President Eisenhower's statement, to join with the United States in studying possibilities for improving existing programs and engaging in new undertakings to increase the utilization of food.

Secretary Benson outlined plans of the United States to achieve more effective utilization of wheat to alleviate hunger, promote economic development, increase world consumption and expand commercial markets, which will be the subject of a separate U.S. release. He pointed out that there would be close consultation with the other wheat exporting countries to ensure adequate protection of their commercial marketings. At the same time, he emphasized that this did not in any way imply a change in the Administration's policy to seek ways to reduce incentives which result in overproduction and the accumulation of surpluses.

The Conference examined, in the light of principles established under FAO auspices, a wide range of subjects related to world trade and the use of food, particularly wheat, for humanitarian and development purposes in the less developed countries.

The Conference recognized the importance of adequate food supplies to all nations. These exporting countries share a feeling of responsibility to assist, within their capabilities, the efforts of other nations to achieve this goal.

In a review of food availability and world food needs it was recognized that the commercial export marketings of wheat by the countries represented, even though expanded somewhat, probably would be considerably below their combined capacity to supply for the next few years. In fact, unless there are striking changes in wheat production patterns and trends in the major exporting and importing countries, it will take larger movements of wheat than in recent years to prevent further accumulations of surplus supplies in exporting countries. The Conference also recognized that the real food needs of many underdeveloped countries exceed their ability to buy, and could only be satisfied commercially after a period of economic development. The wheat exporting countries do, therefore, have a very real interest in market development, in sound economic development, and in the possible use of surplus

wheat in ways which will contribute to healthy economic growth and assist in emergencies.

All these wheat exporting nations, according to their individual capacities, have contributed wheat to assist other countries in past emergencies, or are doing so now.

The importance of commercial trade in wheat as a desirable force in world development was stressed. The Conference discussed means of promoting the growth of such trade to mutual advantage of exporting and importing countries. There was agreement on the necessity of safeguarding the interests of all wheat exporters in their existing commercial markets and of assuring the natural growth of the commercial world market.

In the review of existing and possible means of utilizing wheat supplies in excess of commercial marketings, it was recognized that many of the surplus disposal measures developed to date have had, as important objectives, the promotion of specific economic development projects in the recipient countries and the improvement of nutritional levels—objectives to which all major wheat exporting countries subscribe. It was agreed that these objectives are not always easily attained; that there is a need for considerably greater study of the manner in which efforts in this direction can be made most effective; and that studies and actions in this field should be directed toward:

1. Projects to raise consumption directly among specially deficient groups in the population, as, for example, through direct feeding programs, such as school lunch projects, refugee feeding and resettlements, and related economic and community development projects.

2. Projects to aid economic development, on a basis which will permit most effective use of national currency funds accruing from sales of surplus foods.

3. Projects to establish national food reserves utilizing existing idle storage facilities or newly-constructed ones.

The Conference took a realistic view of the situation. It recognized that the world wheat supply situation and levels of prices are disturbed by the stimulation of production, in most importing countries as well as in some exporting countries, by high price supports and other measures. In this connection, it was noted that some exporting countries have made, and are making, efforts to reduce incentives to over-production.

It was realized, also, that moderate increases in total distribution and utilization of wheat can be attained within the next few years with increased efforts by exporting and importing nations. There are physical and administrative limitations to the importation and distribution of wheat in many importing countries. Inadequate distribution facilities and lack of trained personnel can create bottlenecks which can prevent adequate food from reaching people who need it. Balance of payments problems may require consideration also. It will take time and effort, in addition to food and investment, to offset these limitations.

The Conference attached great importance to arrangements for ensuring the consultation required for attainment of the agreed objectives. It was decided therefore to establish immediately a Wheat Utilization Committee which will be a consultative body of governments represented at the Conference and which will be composed of officials having policy responsibilities.

The Committee will consult, as appropriate, with representatives of recipient and other countries. It will maintain a close working relationship with the Food and Agriculture Organization of the United Nations.

The Committee activities will include consideration of the following:

1. Possibilities of expanding the world's commercial trade in wheat, including the development of new markets.

2. Ways of increasing and making more effective the utilization of wheat surpluses for the promotion of economic development and the improvement of nutritional standards.

3. Co-ordination of disposal programs for economic development with other development activities in the recipient countries so as to ensure that such programs will contribute fully toward increasing consumption and commercial markets.

4. The establishment of guidelines for providing wheat to individual countries on concessional terms and the safeguarding of commercial marketings.

The Conference invited Secretary Benson to convene the first meeting of the Committee at an early date.

The Conference resulted in a better mutual understanding among the participants of their countries' policies, problems, and proposed actions. There was discussion of the advantages of holding similar consultations on other food commodities and with other nations.

THE SENATE

Wednesday, May 13, 1959

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

Prayers.

DOCUMENTS REQUESTED

UNEMPLOYMENT INSURANCE COMMISSION REPORTS

Hon. David A. Croll: Honourable senators, would the Leader of the Government (Hon. Mr. Aseltine) arrange to have two reports, one dated August 18, 1956, and the other August 26, 1958, by the Advisory Committee of the Unemployment Insurance Commission, tabled in this house? They were tabled in the other house a few days ago.

Hon. Mr. Aseltine: I will look into the matter.

INTERNATIONAL TRADE

RESOLUTION WITHDRAWN

On the notice of motion by Hon. Mr. Robertson:

That in the opinion of the Senate of Canada:

(1) The Western world should eagerly accept the challenge of the recently launched economic offensive of the Soviet Union, and prepare accordingly.

(2) The Governments of the fifteen nations who signed the North Atlantic Treaty should take the initiative in seeking to provide for the progressive removal, over the next fourteen years, of all trade barriers between their five hundred million people and the peoples of all nations who may thereafter become associated.

(3) This action should in principle follow, as far as is feasible, the precedent already established by our six NATO partners, namely, Belgium, France, Germany, Italy, Luxembourg and the Netherlands.

(4) Since this association contemplates the inclusion of nations that are not signatories of the North Atlantic Treaty, the necessary machinery to accomplish the purpose should be entirely outside, and quite independent of, the North Atlantic Treaty Organization.

Hon. Wishart McL. Robertson: Honourable senators, I am about to throw myself on the mercy of the court, and after a few brief words of explanation ask the Senate's permission to withdraw my motion. I am not prepared to go ahead today. I had thought of asking that the motion stand till next week, but I cannot disregard the fact that, while I have not lost interest in what I consider to be its importance, I shall be leaving to attend the Atlantic Congress on Friday for two weeks, and I would like to be present if the motion were discussed. At the same time, I must appreciate the fact that two inquiries which are going on here at the present time will have something to do with the subject-matter that I would have dealt with in moving the motion.

Under those circumstances, honourable senators, I would like to leave the matter to some more convenient season, until I have thought a little more about it and the time factor, before I let my enthusiasm run away with my better judgment. I therefore ask consent of the Senate to withdraw the motion.

Hon Senators: Agreed.

Hon. Gordon B. Isnor: Honourable senators, may I direct a question to the honourable senator who has just spoken? In view of certain statements he made when discussing the motion proposing closed periods for St. Lawrence ports during the winter, I wonder if he would withdraw his objections, if any, to that motion.

Hon. Mr. Roberston: I might say to my honourable friend that the principles I am advocating are as undying as the ages, and a matter of a month's or two months' time makes no difference to my viewpoint.

The Hon. the Speaker: Resolution withdrawn.

IMMIGRATION

INQUIRY

Hon. Cairine R. Wilson: Honourable senators, yesterday the Leader of the Government (Hon. Mr. Aseltine) offered to have the reply to my queries on immigration printed in *Hansard*. After reading them I must say that I am far from satisfied with the answers. Considering it took several weeks to get them, I had expected to be given some information which has not been forthcoming at all.

Hon. William M. Wall: Honourable senators, apropos of the answers to the questions that were posed by the honourable senator from Rockcliffe (Hon. Mrs. Wilson), I too had occasion to look at the answers and I was impressed by the fact that, in the first place, they missed the intent of the questions. And when it was stated that no statistics were available in relation to questions 1(b) and 2, I could not help feeling that the changes in the now unrevoked section of paragraph (c) of section 20 of the regulations were brought into force without basic knowledge of what the changes would mean. In other words, the changes were to be made without apparent knowledge of the effect they would have under that section.

I am very distressed that the answers were so unsatisfactory.

Hon. Mr. Aseltine: Honourable senators, I did the best I could to get satisfactory answers. I worked on this inquiry for three weeks, and

every day my office telephoned the Department involved. I am indeed sorry that the answers are not satisfactory. I am now told that the statistics which the honourable senator from Rockcliffe (Hon. Mrs. Wilson) thought were available are not even in existence.

I am not sure that I can do anything more in this matter at the present time, but I assure honourable senators that I shall make further inquiry and if it is possible to get additional information I will be glad to do so.

Hon. Mrs. Wilson: I have no doubt that the honourable Leader of the Government (Hon. Mr. Aseltine) has done his part.

ATLANTIC PORTS

RESOLUTION URGING GREATER DEGREE OF USE NEGATIVED

The Senate resumed from Thursday, May 7, the adjourned debate on the resolution of Hon. Mr. Isnor:

Resolved: That it is expedient that the Government, through the Department of Transport, or any other agency or means, bring about a greater degree of use of the Atlantic ports.

With this in mind it is urged that "open" and "closed" periods be agreed upon, and that the ports of the St. Lawrence be considered "closed" ports from November 15 until April 15, and "open" ports as from April 16 to November 14 of each and every year until such times as this arrangement is revoked.

Hon. Arthur M. Pearson: Honourable senators, having heard the discussion so far on the resolution, may I say that I agree in part with the first portion of it which says it is expedient that the Government bring about greater use of the Atlantic ports. That follows along the lines of the original Articles of Confederation, and I agree that as much as possible should be done to help the development of the Atlantic ports.

The second portion of the resolution, which proposes the fixing of open and closed periods for the ports on the St. Lawrence, has provoked a great deal of thinking.

Honourable senators, I cannot see any businessman or farmer who uses, or may use, this seaway for shipping agreeing to these ports along the seaway being closed every year from November 15 to April 15. Apparently, the weather is not to be taken into account. The idea of closing down the gates of business just to increase the earning power of one section of the country as against the savings of the balance of the country looks to me very much like feather-bedding.

I have here a pamphlet called *Human Events* which is printed down in Washington. It describes feather-bedding in regard to many issues down in the United States, and it gives what you might say is an explanation of what the term means:

> Feather-bedding consists of practices by which workers manage to get paid for not working or for performing less work than can reasonably be expected of them; included are all sorts of work-restricting schemes, the most important of which is effective opposition to the introduction of labour-saving machinery.

Honourable senators, that seems to me to answer this problem completely. The seaway has been opened to expedite shipping, and yet one part of our dominion feels that rather than allow advantage to be taken of the seaway it should be closed for a certain time to the advantage of another part of the country. To me that looks very much like feather-bedding, and as a farmer in western Canada I am very much opposed to feather-bedding.

In my business we start working on the land in the spring as soon as the frost is out of the ground, and we keep on working until the season closes down because the land is too heavily frozen to be worked any more.

Hon. Mr. Isnor: Excuse me, but I did not get your last few words. Did you say: "...until the land is frozen"?

Hon. Mr. Pearson: Yes. I am sure the shipping industry would back the opening of the seaway from the earliest possible moment until the latest possible date in the autumn. In fact, they are talking, to some extent, of trying to hold the lakes open all winter.

Does the honourable senator think that by closing the seaway on November 15, or any other arbitrary date, he would stop the shipment of grain through the Pacific ports? I am sure he does not. Then, why put an additional burden on the Saskatchewan grain growers by closing the lake ports on an arbitrary date and forcing them to ship by the more expensive Halifax port? If that happened they would pay a higher rate than those in Alberta who can ship by the Pacific ports

I would like to place on record a few statistics dealing with the movement of grain in Canada for export in the last few years. These figures will be found at page 45 in the Annual Report of the Board of Grain Commissioners, 1958:

Figures for St. Lawrence and Atlantic ports—average shipments of grain (bushels):	
For years 1952-53 to 1956-57, ...	126,427,000
For 1957-58	120,320,000
A decrease of	6,107,000
Figures for Port of Churchill:	
Average shipments for the years 1952-53 and 1956-57	12,183,000
For 1957-58	18,359,000
An increase of	6,176,000

Figures for Pacific ports:	
Average shipments for the years 1952-53 and 1956-57	100,080,000
For 1957-58	129,667,000
An increase of	29,587,000

Honourable senators, from these figures you will see that grain movement is gradually increasing to those ports where the rates are lower for the farmer in the west. I contend that these figures will show further increases as years go by. However, the St. Lawrence ports have gotten a reprieve or, in other words, a shot in the arm because of the opening of the seaway, for they can give a lower rate than formerly pertained. As a result they will be able to induce grain exporters to continue using the lake ports, probably to the same extent as before or even to a greater extent.

The honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) said, in effect, "Let us get a share of that grain and other freight shipments to enable our ports to stay open for a longer period." The honourable senator is himself a great businessman and merchant and he knows that today business must of necessity reach out for the avenues of least expense in order to function properly.

To make the Maritimes great, they must give something as well as receive something, and this must not be at the expense of the development of the central provinces. As I see it, Nova Scotia faces the seas and should depend on her great advantages, just as England has done for years in building up her country through having her ships travelling the Seven Seas. This province should not rely on the hinterland of Canada, but develop as a separate entity of the dominion.

Development of industry is the only thing that will make Halifax a great Nova Scotia port. For many years now Nova Scotia has been exporting her own men to other parts of Canada and the United States. I say to honourable senators from Nova Scotia, you have some great merchants in your province and it only requires these great men of business to develop their lumber and fishing industries and many others to induce these young people to stay there. Personally, I know of a certain young farmer from Saskatchewan who went there and built himself a fine motel and tourist business. He has been back to Saskatchewan two or three times to see his folks and has loudly acclaimed the wonders of Nova Scotia and its opportunities. Recently I have heard of young Saskatchewan farmers talking of moving down to Nova Scotia to start ranching. Apparently this province is very short of beef cattle for its own use. Why not develop a great cattle business for both your own use and export? With your softer climate than pertains in western Canada, your beef hides would make better leather than western hides, and I can visualize a time when you could develop a great boot and shoe industry. You have the potential for a tourist paradise with your beautiful scenery and fishing.

Optimism is one of the great things that carry a country forward, and rather than look in a negative manner at the great development taking place in the central provinces it would be far better to develop Nova Scotia as an entity. Your captains of industry should be selling your province, not only in words but in action, and I am sure that you can overcome what appear to be tremendous difficulties facing you at the present time.

Hon. W. D. Euler: Honourable senators, I thank the Leader of the Government (Hon. Mr. Aseltine) for yielding his priority to me in order that I may make a few brief remarks, not entirely and not greatly on the merits of the question itself, nor to offer remedies such as have been offered by the last speaker. However, the debate has already taken such a wide range that perhaps I might participate in it to a small degree, although I come from an interior part of the country—the choicest part of Canada, of which Kitchener and Waterloo are the acknowledged centre—and in spite of the fact that there are no great ocean ports or even river harbours in that particular district. Yet we do have the Grand River, which empties into Lake Erie and thus necessarily contributes to the waters which form the great harbours of Montreal, Toronto, and even Quebec, and even perhaps, in an infinitesimal way, to the harbours of Halifax and Saint John.

During the course of the debate, since each one who spoke extolled the merits of his own city, of his own port, I rather expected my friend from Blaine Lake (Hon. Mr. Horner) to have something to say about the possibilities and potentialities of what I think will in time be known as the great white elephant of the Prairies, but is now known as the Saskatchewan dam.

The resolution before us is in two parts. The first part requires no argument at all, because in a general way everyone is in favour of assisting the existing ports of Halifax, St. John's, Saint John, and even Quebec, if it can be done legitimately.

The second part of the resolution, however, is more specific. It proposes, as we have heard so repeatedly, to close the ports of the St. Lawrence annually from November 15 until April 15, and with them, of course,

to close the great waterway on which we have just spent some hundreds of millions of dollars. My friend who moved the resolution (Hon. Mr. Isnor) said he heard some gentleman call it a fantastic proposal. I am not going to offend my very good friend by repeating that, but I would say that the proposal is fanciful and unrealistic to a degree. Does anyone seriously suggest the closing of these great ports of Montreal and the waterway which has already cost us so much money? I would join with my honourable friend who has just spoken (Hon. Mr. Pearson) in saying that if we did carry out the terms of this resolution it is very doubtful whether it would do a great deal to assist the Atlantic ports. In fact, just before I came into the chamber I heard that the opinion has been expressed by people of the city of Halifax itself that the building of the great waterway and the keeping of it open is going to increase—I do not know in what tangible way—the prosperity of these ports down by the Atlantic. Now, even for the laudable purpose of assisting these ports it would be utterly inconsistent to close the great St. Lawrence waterway at any time during which it may be navigable. I wonder what our friend Mr. Duplessis would think of that sort of thing. He would probably be inclined to make an exception to his principle of destroying one industry in order to assist another—as he has done in connection with margarine, for he has destroyed the contemplated manufacture of that very useful and inexpensive commodity, in order, as he thinks, to preserve still another, the butter industry.

The debate has served a useful purpose: it has given an opportunity to the local patriots —I say that in all good will—to speak of the great merits, past, present and future, of the ports with which they are associated.

Comparisons are said to be odious, and I would not like to discriminate between the many excellent speeches that have been made, but I wish to single out two of the speakers, one of whom is absent today. I call them our Irish Canadian senators. I refer to Senator Connolly, from Halifax North, and the newly-appointed member from Newfoundland, Senator Higgins. Senator Connolly made a brilliant and eloquent speech which aroused both my admiration and my envy, and he concluded by quoting from the great Persian poet, Omar Khayyam, a quatrain which moved me very deeply, but still left me wondering a bit about its relevancy to the ports of the St. Lawrence and of the great Atlantic. Then, not to be outdone by his colleague, Senator Higgins also quoted from the same poet and titillated and excited the imagination and the emotions of the elderly senators that sit around me and on the other side by drawing a picture which I might paraphrase in more colloquial language as follows:

> To have a picnic beneath a tree in the wilderness, with a volume of *Hansard* in the hand, a bottle of wine, a supply of sandwiches and, last but not least, a beautiful woman, were happines enough for any man.

Hon. Mr. Higgins: I want to thank the honourable senator for having interpreted the word "Thou" as used in the verse I quoted.

Hon. Mr. Euler: Honourable senators, I apologize for dealing with the subject in this more or less humorous vein, and I trust I have not offended the sensibilities of anyone. When this debate is concluded, the excellent speeches which have been made will, like so many others, go into the limbo of *Hansard*, there to remain, probably never to be read again except by those who made them.

May I respectfully suggest to the sponsors of this resolution that, since it has served its purpose, they might withdraw it and so save some of us, perhaps most of us, the duty of voting against it.

Hon. W. M. Aseltine: Honourable senators, before I make a few remarks with respect to this motion of the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) I would like to make an announcement, with permission of the Senate.

I have just been advised that Herbert Anscombe, of Victoria; Archibald H. Balch, of Ottawa; René Gobeil, of Quebec; M. A. MacPherson, Sr., of Regina; Howard Mann, of Moncton; the Honourable Charles P. McTague, of Toronto and Arnold Platt, of Lethbridge, have been appointed commissioners under Part I of the Inquiries Act to inquire into and report upon the problems relating to railway transportation in Canada and the causes thereof, and to recommend solutions thereto.

Hon. Mr. Macdonald: Probably the Leader of the Government (Hon. Mr. Aseltine) could table the copy of the order in council?

Hon. Mr. Aseltine: I am not sure if the document I have is a certified copy of it or not.

Hon. Mr. Macdonald: I think a copy of the order in council appointing the commission should be tabled.

Hon. Mr. Brunt: We have a certified copy of the meeting of the Privy Council. Would that be satisfactory?

Hon. Mr. Macdonald: That would be satisfactory.

Hon. Mr. Aseltine: Is it the will of the Senate that this should be tabled?

Hon. Senators: Agreed.

Hon. Mr. Aseltine: Then I will table it.

Honourable senators, coming as I do from Saskatchewan, which I consider to be the greatest grain-growing province of Canada, I feel that I should make a few remarks with respect to this motion by the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor), because for many years the construction and opening of this great waterway has been in the minds of the grain growers of western Canada almost continuously. They are of the opinion that it is going to be a great help to them, that it will increase the amount they receive for each bushel of grain grown, through a reduction in the carrying charges on that grain to the markets of the world.

The motion has no doubt been instrumental in bringing to the attention of the Government and the public generally the importance of the Maritime ports of Halifax, Saint John, New Brunswick, and St. John's, Newfoundland. We have been told how important they were during the war, and nobody will dispute that for a moment. We have also been told how important they are in peacetime and how advisable it is that they should be kept open and used to the limit of their capacity. I know every member of this house is anxious to have those ports used to as great an extent as possible, but in my opinion, honourable senators, there are at least two reasons why the St. Lawrence Seaway and any portion of it containing ports should not be closed as suggested by the honourable senator in his motion.

In the first place, in my opinion, the seaway is an international accomplishment. The seaway part of the Great Lakes, west of Ontario right through to the gulf of the St. Lawrence, has been constructed by Canada in conjunction with the United States. In other words, it is a joint venture, and without the consent and agreement of the United States I do not see how we could close any part of that seaway without getting into great difficulties. I feel sure that Canada would be making a big mistake if it made a regulation such as that which has been suggested by the honourable senator from Halifax-Dartmouth.

Without going further into that part of the matter, I would like to state the second reason, which appeals to me more than the other, why these ports along this seaway which extends now from the head of Lake Superior right through to the Atlantic ocean, should not be closed.

I have here some figures in addition to those presented by the honourable senator from Lumsden (Hon. Mr. Pearson) in his remarks. Until I saw these figures I had no idea that so much grain was shipped from Fort William and Port Arthur through what is now the new seaway. The figures I have relate only to the period November 15 to December 15 for each of the past 10 years. For instance, I note that for that month in the year 1952 there were 84,960,581 bushels of grain shipped down the lakes from Port Arthur and Fort William, and that the average for that month in the 10-year period, 1949-58 is 50,192,073 bushels.

With permission of the house, I would place this short table on the record so that we will have before us the number of bushels shipped in that month over the past 10 years.

Hon. Senators: Agreed.

Hon. Mr. Aseltine:

LAKE SHIPMENTS FROM FORT WILLIAM/ PORT ARTHUR

All Grains

Period Nov. 15 to Dec. 15 (to closest date each year)	Bushels
1949	23,424,323
1950	39,743,718
1951	57,200,158
1952	84,960,581
1953	55,728,352
1954	42,059,576
1955	42,220,260
1956	54,207,960
1957	50,112,308
1958	52,263,479
10-year average 1949-58	50,192,073

Hon. Mr. Dupuis: Would the honourable senator say from what source his figures come?

Hon. Mr. Aseltine: I obtained them from the Department of Trade and Commerce, which in turn had received them from the Bureau of Statistics.

Hon. Mr. Lambert: Can my honourable friend indicate what percentage, or number of bushels, of the quantity shipped from the lakehead down to the St. Lawrence was for winter storage in Montreal?

Hon. Mr. Aseltine: I do not have those figures for the honourable senator. The figures I have given do not include shipments from Port Colborne and other ports on the way down. I cannot say whether the grain to which this table refers went overseas or to Montreal for re-shipment, or what happened to it. I do not have that additional information.

Hon. Mr. Lambert: I may say that the month and the time of the year which my honourable friend has used as an example of grain shipments represents a period of

large grain movements. In anticipation of freeze-up, as many vessels as possible are put down the lakes to Montreal for winter storage, to await more favourable weather for shipment overseas.

Hon. Mr. Aseltine: I agree with that.

Hon. Mr. Lambert: That is a big factor in the movement of grain.

Hon. Mr. Aseltine: Yes. It is the time of the year when the shipment of grain is very intense.

Hon. Mr. Horner: Some of that grain might go to Halifax.

Hon. Mr. Emerson: Some of it goes to the elevators in Saint John and Halifax.

Hon. Mr. Isnor: I do not wish to interrupt my honourable friend, but would he be good enough to put on the record the information covering the shipments for the following month?

Hon. Mr. Aseltine: I do not have the figures for the following month, nor any other figures than those already given by the honourable senator from Lumsden (Hon. Mr. Pearson).

Hon. Norman McL. Paterson: Honourable senators, if the honourable leader (Hon. Mr. Aseltine) is through with his explanation, perhaps I might be permitted to throw a little light on this matter.

About 60 per cent of all grain shipments from Canada goes to liners. In summertime the liners come up as far as Montreal and in winter they are loaded at Halifax.

The St. Lawrence Seaway, as far as I can see, will not in any way interfere with the loading of grain in winter at Halifax. I have lived in Fort William, and frequently have seen as much as 10 million bushels a day loaded; one time I think we loaded 15 million bushels in one day. There are 32 elevators at the lakehead, and a ship is spotted at each elevator. In view of the fact that the insurance rate goes up on December 1, every ship operator is anxious to get his ship loaded and stowed away in Midland, Goderich, Owen Sound, Sarnia or one of the various ports. He is anxious to have it loaded with grain, because the rate for a winter storage cargo is eight cents a bushel, three cents above the regular rate. One man is placed on board as shipkeeper to look after the boat during the winter season. During the winter period the grain is unloaded in elevators as it is called for, and is shipped on to Halifax and Saint John. Practically all the grain that is stored in winter at the bay elevators goes on through for ocean shipment by liner during the winter.

May I say that the big rush we are now experiencing in the seaway indicates that it is being treated somewhat like a new toy. As you know, the ocean-shipping business is at the present time in the doldrums and cargoes are hard to get. Honourable senators have probably seen pictures in magazines of great fleets of ships tied up in various rivers and other places in England. Now many of these ships are coming over here hoping that the seaway is the answer to their lack of tonnage.

I happen to have in my office in Fort William the agency for the Greek ship *Panagiotis L*, a 16,000-ton ship. It got up through the canal at Welland. The unfortunate captain by this time had been aground, had damaged his wheel, hit the break-wall and damaged his bow, and he called his agency in New York and said, "Please, couldn't I go back home?" He did not want to go any further. That ship, as I have said, carries 16,000 tons and when fully loaded draws 32 feet; it can make 20 miles an hour if it has a straight run at it, but in this case it had no pilot. Every opportunity the captain got he sent a wire asking if he could not be permitted to go home. Finally, the captain got his ship up to the head of the lakes, the first ocean-going vessel of the season, and he received a silk hat or a cane and was tendered a banquet. But he found that his ship was 10 feet too high out of the water to use the elevator spout. In other words, the spout was too low and could not be raised high enough to reach his hold. Well, they filled his bow on one side and tilted him over, cut a piece off the spout, and finally, after about a week's work—he was supposed to be about two days up there—he got 7,000 tons of total cargo, drawing 22 feet.

Now we have 16 feet on the Canadian side coming down, 22 feet in the McArthur lock and the Poe lock on the other side. The captain took half a cargo out of there, and once he gets to Montreal he will fill out with enough to put him down to 32 feet.

A lot of things have been overlooked in this discussion of the seaway, and one is that at Detroit the St. Clair River bed for eleven miles is solid rock, the depth of which varies, and ships of over 23 feet draft have never been allowed to go through. If those eleven miles of solid rock are ever blasted and dredged it will lower the waters of Lake Huron because more water will be allowed through, and it will, I think, defeat its own purpose. However, that is in the cards for the years to come.

There is no place that I know of from Welland clear through to the head of the lakes where you could possibly have a ship of more than 22 feet draft, because the elevators are built on piles in such a way that if you dredge in front of those piles you

will weaken the foundations. As far as I can see, it is almost impossible for deeper-draft ships to use the harbour of Fort William without building galleries to bring the grain out to deep water. Having regard to the length of time it takes a sea-going ship to come up to the lakehead, load, and go out again, unless it is finding great difficulty in getting business elsewhere it will not bother coming up and its owners would sooner take the load at Montreal.

We can carry grain in ships built for the purpose so very much more quickly and cheaply than can other ships. Over the years we have developed many different classes of cargoes. For instance, we take paper into Chicago and we bring back sulphur. We take paper into Detroit and bring back corn and soya beans to Montreal, Toronto and various other places. It is an interesting business and it is growing very fast. The peculiar thing is that up to this time last year 35 million bushels of grain had been shipped, but this year only 17 million bushels have been shipped. The reason is that one fleet—one of our competitors—is kept entirely busy hauling coal and ore into Hamilton. Canada Steamship Lines as well is very busy hauling coal and ore into the Steel Company at Hamilton. We, with our fleet, have been carrying some grain, but we are now very busy carrying iron ore from Steep Rock into Chicago and different places. The grain business is lagging, but there are very big stocks in the east. Montreal is blocked while waiting for more ocean boats to take it out of there.

This whole thing will straighten away, but from year to year everything changes. Much depends on foreign tonnage, and I would assure honourable senators from Halifax that I cannot see any damage being done to their harbour by this seaway. I think these ships will come back to Halifax for repairs, and I would say that if any port is seriously affected it will be New York, because of its very high port charges and stevedoring charges. While I cannot assure New York it will not be affected, I can assure Halifax that it has nothing to fear.

Hon. Mr. Aseltine: I thank the honourable senator from Thunder Bay (Hon. Mr. Paterson) for finishing my speech for me. What I was trying to point out was that during the month from November 15 to December 15 each year a great deal of grain has been loaded and brought down the lakes. I did not mean to say that that was all shipped and carried through the seaway to overseas ports, or anything like that, but the saving to the farmers in freight, even from the head of the lakes down through to Montreal, or wherever it might be stored over winter, is considerable. It is a considerable benefit to the farmers, and I would not for the moment want to do anything to close those ports and eliminate that benefit.

Honourable senators, I have stated my two reasons for opposing this motion. I am sure that we all want to help as much as we can. We want to have as much use as possible made of the Atlantic ports. I can vote for the first part of the motion, but I am afraid I shall have to vote against the second part.

Hon. Hartland de M. Molson: Honourable senators, I would like to say a few words in connection with the motion of the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor). I do so for two reasons. One is that I represent the division of Alma in the Senate. As many of you may not know exactly where Alma is, I should say that it contains a very large part of the city of Montreal and, possibly, most of its harbour. The second reason I wish to say a few words on this motion is that I would like the honourable senator from Halifax-Dartmouth to know that I look upon his motion with the very greatest sympathy. I have that sympathy because I lived for nearly two and a half years in his great city of Halifax, and during that time I was able to obtain a good deal of knowledge about its people, its problems, and certainly of its geography.

In the course of this debate the other Atlantic ports have perhaps been forgotten, but we must bear in mind that Saint John, Sydney and the Newfoundland ports all have some rights to be considered. I realize, of course, that we cannot expect the honourable senator from Halifax-Dartmouth to feel for those ports as keenly as he does for Halifax.

As to the motion, may I point out that the course of the debate on it seems to have brought out a great deal of confusion as to the terms "St. Lawrence ports" and "the seaway". The St. Lawrence ports, generally, are not on the seaway. It is true that Montreal is at the beginning of the seaway. The St. Lawrence ports to which my honourable friend was referring would, I think, be rightly listed as Seven Islands, Port Alfred, Baie Comeau, Quebec, Three Rivers, Sorel and Montreal.

A great deal of the debate has dealt with the seaway. The seaway will be closed by nature, as has been pointed out, during a good part of the period suggested for closure by the honourable senator from Halifax-Dartmouth. But quite apart from the seaway, I think the important thing to be borne in mind from the point of view of the St.

Lawrence ports is the fact that the St. Lawrence River is historically the great highway along which most of the commerce of the province of Quebec is carried.

I might mention too that the motion is singularly appropriate at this time, for it is just within three months of 150 years ago that the first steamboat in British North America—the *Accommodation*—was launched on the St. Lawrence River. The development of steamship operations on the St. Lawrence made some contribution to Halifax because a few years later the *Royal William*, launched at Quebec, made the first steamship crossing of the Atlantic, sailing from the port of Halifax.

The mover of the resolution mentioned the great waste and extravagance of ice-breaking activities on the St. Lawrence last winter. That has already been dealt with by more than one member of the house, but I think it should be said that some fourteen ships were held up last winter—

Hon. Mr. Isnor: Thirteen.

Hon. Mr. Molson: Perhaps it was thirteen ships. I don't think the figure was mentioned before. I am not a shipping man and I cannot give operating costs, but I would be most surprised if they were under $1,000 a day. As to the capital value of those ships, I am sure the honourable senator who just spoke (Hon. Mr. Paterson) would tell us it is many millions of dollars. I don't think the expenditure of $1¼ million for ice-breaking during those four months was excessive, in view of the fact it enabled those cargo ships to get back to their normal occupation. Furthermore, as has already been mentioned, ice-breaking is a normal function in the St. Lawrence River in order to prevent the flooding of many of our towns between Montreal and Cap Rouge.

I was very pleased to hear the honourable senator from Shelburne (Hon. Mr. Robertson) say he was opposed to this motion in principle because of its protectionist trend. I also was grateful to him when he said that, owing to the long-standing friendship between the Maritimes and the province of Quebec, if something had to be taken away he would rather have it taken from Upper Canada than from us in Quebec. I wish to express our appreciation for that.

The other day the honourable senator from Gulf (Hon. Mr. Power), who is not in the house at the moment, laid at the doorstep of Montreal vis-à-vis his city of Quebec the responsibility for a good deal of what sounded to me to be unfortunate acts. I dont know that we stole all their banks, trust companies, lumber companies and so on, but I only hope his prediction that Montreal may become just a whistle stop on the St. Lawrence Seaway will never be realized. I for one am quite convinced that the seaway will not cause such a thing. If the people of Montreal and the province of Quebec had felt that the principle of taking away from others in order to benefit yourself was a good thing, they might have opposed the seaway very strenuously. I would like to point this out to the honourable senator who moved this resolution, for I don't think at any time there was any real opposition from Montreal, and he might consider this fact when dealing with his resolution. In actual fact I think the development of the seaway will in the long term be beneficial not only to Montreal, but to the province of Quebec and even perhaps to the Maritime ports. At any rate, I would like to think so. The short-term view may mean we will lose some shipping tonnage in Montreal, but I think that what is good for the country as a whole must always be accepted as being good for each one of us.

Turning to the resolution itself, the second paragraph, which specifies dates for the closing of harbours on the St. Lawrence River, would, I am afraid, make me vote against it, as I am sure it would many others. The honourable senator from Halifax North (Hon. Mr. Connolly) suggested that a study should be made up of the effects of the seaway on the Maritime ports, but in view of what has been said in this debate, and the points I have made about the seaway and the St. Lawrence, it might be much better to ascertain whether the traffic now going through American ports in winter could not go through our own Atlantic winter ports. This would be more fruitful than suggesting that the closing up of the St. Lawrence ports would benefit the Atlantic ports.

Honourable senators, as I have said, I am in great sympathy with the motion, but for the reasons I have mentioned I will have to vote against it.

Hon. Gordon B. Isnor: Honourable senators,—

The Hon. the Speaker: Honourable senators, if the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) speaks now it will have the effect of closing the debate.

Hon. W. Ross Macdonald: Honourable senators, I wish to add a few words to what has been said in this debate. The resolution has arisen on account of the building of the St. Lawrence deep waterway, known as the St. Lawrence Seaway. The great historical event, the official opening of the seaway, will take place on June 26 in the presence of Her Majesty Queen Elizabeth and Mr. Eisenhower, President of the great republic to our south. This is an event to which we

all look forward with the utmost interest. The building of the seaway has been a gigantic undertaking, and I am sure you will all agree that much credit for the building of the seaway is due to the direction given to the work by the Honourable Lionel Chevrier. He has interested himself in the Seaway for many years, and in recent years he was the President of the St. Lawrence Seaway Authority. Perhaps honourable senators have read his recent book, *The St. Lawrence Seaway*, a history of the seaway to this time. It is not a book full of dry statistics. It contains a great deal of human interest and is well worth reading. I unhesitatingly recommend it to the members of this house.

I feel that the name of Lionel Chevrier should forever be associated with this waterway. I would like to suggest that a large lock or one of the great dams should be named for him, so that the interest which he took in this waterway, first as a young man living on the river, and subsequently as a leader while the seaway was being constructed, will be commemorated for all time to come.

Turning to the resolution, I agree most heartily with those who have already spoken this afternoon in favour of the first part of the resolution. That gives me no trouble whatsoever. However, the second part is rather difficult for me to accept, at least at the present time, with the information we now have before us. The honourable senator from Halifax North (Hon. Mr. Connolly) suggested that further study could be given to the question of assisting the Atlantic ports. That suggestion was ably supported this afternoon by the honourable senator from Alma (Hon. Mr. Molson). Alma, as we now know, is a most important part of the city of Montreal. I also approve that suggestion and trust something will come of it.

The honourable senator from Alma referred as well to the fact that ice-breaking on the St. Lawrence River is necessary not only on account of navigation but also to prevent flooding in certain areas along the river. From what has been said here during this debate, I understand that whether or not there is any shipping in the winter, ice-breaking in certain sections of the river is necessary every year, early and late. However, it shocked me when the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) himself told this house that an ice-breaker which plies between Nova Scotia and Prince Edward Island was taken off that service to break ice along the St. Lawrence River and there was no ice-breaker in that portion of the Maritimes where it was needed. Honourable senators, it occurred to me that if ice-breaking is necessary along the St. Lawrence, it is just as necessary in a part of the Maritimes. Why deprive the Maritimes of the use of an ice-breaker in order to provide that service for the St. Lawrence River? I think that question could be considered now, long before a commission is set up to investigate the possibilities of improving the Atlantic ports.

The Leader of the Government (Hon. Mr. Aseltine) referred to foreign shipping. It seems to me it would be very difficult to prevent foreign ships from coming into the St. Lawrence. How could we prevent a foreign ship from sailing up the St. Lawrence any time it wanted to? If we cannot, it would appear not to be feasible to close these ports to prevent shipping along the St. Lawrence at any season of the year. I plead, therefore, that in the light of the information now before us, closure of the ports as proposed is not conceivable. However, I agree with the first part of the resolution. Furthermore, I agree with all those who have said they do not fear that too much damage will result to the port of Halifax through use of the seaway.

In this debate we have heard some poetry quoted. I am not going to quote poetry, but from an article written in 1849 by William Kirby, author of *The Golden Dog*. In that period of Canada's development a great many canals were built: the Lachine canal was enlarged and opened in 1848; the old Beauharnois was completed in 1845; the upper entrance to the Cornwall canal was completed in 1849; the Iroquois canal was completed in 1847; the Welland canal was deepened and strengthened between 1843 and 1850; the Burlington Bay canal was widened and straightened between 1843 and 1850. Why do I mention those dates? I do so to bring to the attention of honourable senators the fact that the port of Montreal was then fearful of the effect those canals would have upon it, just as today the port of Halifax is fearful of the effect upon itself of increased use of the St. Lawrence ports.

I come now to my quotation, which I take from *The Printed Word*, published at Toronto. Under the heading "Seaway History" there is this:

> Halifax appears to be somewhat worried about Baie Comeau's being made a winter port for regular calls, and thus diverting some business from Halifax. There have been times when Montrealers worried about the St. Lawrence Seaway. Perhaps the citizens of both Halifax and Montreal may be soothed somewhat by the following quotation from the writings of Wiliam Kirby, author of "The Golden Dog".
>
> Away back on Oct. 29, 1849, Kirby (as related in Lorne Pierce's "William Kirby," the subject of the tale) wrote from Niagara-on-the-Lake:

"Montreal, until the last two or three years, was always the entrepot of Canadian trade, whether for imports or exports . . . The uninterrupted navigation of the St. Lawrence is giving her merely a passing view of the loads of freight which used to be landed on her wharves. The consequence is that Montreal is left nearly to her own "resources, and, instead of being the great port of the country, she is dwindling into the mere market town of a district." This was in 1849.

In referring to the foregoing quotation, the Brantford *Expositor* says—and these are my sentiments also:

Well, Montreal today is still a pretty large market town. Halifax, also, will probably remain a principal port for a long time to come.

Hon. Gordon B. Isnor: Honourable senators, before dealing directly with the resolution and the remarks made by honourable senators on it, may I first say how pleased I was to hear the announcement made today by the honourable Leader of the Government (Hon. Mr. Aseltine) of the appointment of the Royal Commission on Railways, and particularly that one of the commissioners is Howard Mann, Executive Manager of the Martimes Transportation Commission. He has for a long time been associated with transportation matters and is an outstanding authority, and I feel that his appointment is an exceptionally good one.

Honourable senators, I have a rather difficult task and, as I have stated on other occasions, I certainly realize my limitations, especially in view of the ability of those of my colleagues who have taken part in this debate. I was impressed with the remarks made by all. Naturally, I did not agree with those remarks which indicated that I was not likely to get the unanimous support of this chamber. I can quite understand that. While I did not feel that I would get the unanimous support, I did feel that I would get the wholehearted support of those senators from the Maritimes, whether they were for protection or for free trade. I felt that they would see the wisdom of supporting this motion with a view to bettering the conditions of which they also ought to complain.

Now, I am not complaining when I bring this resolution before you. As a rule I am not one of those who hang out the crepe. I have never been known for that. I am over-optimistic in regard to business matters in the Maritimes and have always shown an optimistic spirit. That is just because I want to do what the honourable senator from Shelburne (Hon. Mr. Robertson) said should be done, just a little protecting, but along a different line of thought. I want to protect the interests of the Maritimes, particularly of the ports of Nova Scotia. That is why I took it on myself to bring this resolution before the Senate.

I want to thank the honourable Leader of the Government (Hon. Mr. Aseltine) for his very reasonable handling of the resolution, for his kind thoughts and words, and similarly the Leader of the Opposition (Hon. Mr. Macdonald).

I would like to deal with the remarks of every individual senator who spoke in the debate, but if I did so I would feel somewhat like the pastor who preached longer than 20 minutes. I do not propose to make any lengthy speech, but I wish to make reference to the remarks of one or two honourable members.

I was interested in listening to the honourable senator from Thunder Bay (Hon. Mr. Paterson), who is well versed in this question through his business of shipping. He was talking shop. He gave us some reasonable and understandable facts in regard to shipping as it relates to his particular business, and it is only natural that he should bring out those points which he did.

But the western members dealt with the movement of grain in one direction. I was rather surprised to note the references made by the western senators to shipments of grain from the different ports. I had already given certain figures in connection with some ports. But for the life of me I cannot understand why the honourable senator from Churchill (Hon. Mr. Crerar) and the Saskatchewan senators would not give a little greater thought to the shipment of grain through the port of Churchill. Surely the honourable senator from Blaine Lake (Hon. Mr. Horner), for instance, should have advocated to a far greater extent than he did the use of that port. To be sure, it can be operated for only a certain number of weeks during the year, but I think he should have advocated that it be made use of to its full capacity. A lot of money has been spent on building the port of Churchill.

I would like to mention the remarks of the senator who opened the debate today, the honourable senator from Lumsden (Hon. Mr. Pearson). He, like the others, dealt entirely with the shipment of grain from the lakes, and he dealt with it as though it was the only thing we were interested in from a shipping point of view.

Then he referred to what he thought we should be doing in the Maritimes, particularly in Nova Scotia, and paid us the compliment of having a very fine province, which we have —he told the truth there. Then he talked about industry and referred to the fact that I am a businessman. He is a farmer, but still I think he has business ability along with his farming experience, and he must know that the industry to which he refers exists to a very large extent in the two

central provinces, because of the fact that the closer you are to the market the easier it is to market your goods. That is why there has been such a wonderful growth in the two central provinces of Quebec and Ontario, which, as I have stated on other occasions, contain about two-thirds of the entire population of the nation. I wanted to mention that in passing to show that in so far as industry is concerned we are a little bit handicapped in the Maritimes.

I said I was not going to refer to the remarks of all who took part in the debate, but I certainly do want to thank the honourable senator from Halifax North (Hon. Mr. Connolly), who seconded the motion. I am sorry he is not able to be with us this afternoon—he was called home—but he gave me permission to amend my motion, if I so desired, not to withdraw it. I have in mind, of course, that a number of honourable senators suggested the motion had served its purpose and I might withdraw it. Perhaps a good many thought I introduced the motion just to focus attention on the port of Halifax. I might have had that in mind to a certain extent, but that was not my main reason for presenting the motion.

May I say that if I have over-emphasized the port of Halifax in preference to Saint John, New Brunswick, Sydney, Nova Scotia, and St. John's, Newfoundland, it is only because, as I explained in my opening remarks, I come from Halifax, and naturally one talks about the port and the place he knows best. What I said applies equally well to any of the great ports in the Maritimes, and to the greatest of all, which is Halifax.

The honourable senator from St. John's West (Hon. Mr. Pratt) stated he was wholeheartedly in accord with the expression of opinion contained in the Turgeon Report. Then right on top of that he said he could not agree with this resolution as it was framed. Well, if he is in accord with the thoughts expressed in the Turgeon Report, I fail to understand why he cannot be wholeheartedly in favour of this resolution. I understand some of the other senators from Newfoundland are.

To my honourable friend from Shelburne (Hon. Mr. Robertson), I cannot but express my thanks for his kind reference to the days when he and I first entered public life, in 1928. I do not wish to be personal or to take up any time in that connection, except to say that we were very happy colleagues.

I have always maintained a close touch with the man on the street, and in this resolution I was expressing particularly the thinking of the man on the waterfront. I am expressing his view today to a great extent, rather than the thoughts expressed by the honourable senator from Shelburne on protection. I am as much a free trader as anyone is. We in the Maritimes know that our natural markets are in the eastern United States. Of course, there are different forms of protection. We are now well into Confederation, and we are dealing with the various provinces. I am reminded again of the story of the steel rails being laid and prosperity coming to the Maritimes through Confederation, when we would be trading with the east and west instead of north and south.

But I am at a loss to understand—and I say this in the most friendly way, because I have great respect for anyone who is a statesman, and who as a rule works along with us—why the senator from Shelburne was not wholeheartedly in favour of working out the problem as it affects our native province. It almost appears to me that he had in mind the words of Marc Antony, "I come to bury Caesar, not to praise him." Perhaps he had a little too much praise to offer, but he certainly attempted to bury my motion, if ever there was an attempt to do so.

I say to my honourable friend from Alma (Hon. Mr. Molson) that we will still remain good friends, even though we may approach this problem differently.

I also wish to thank the honourable senator from Bedford-Halifax (Hon. Mr. Quinn) for his support. The senator has not been too well of late, and I think he came to the house the other day largely to express his approval of this motion. He spoke in a most kindly way, and he showed his conviction in this respect. I wish to put on record that I appreciate his contribution.

I now come to perhaps the most reasonable suggestion that was made in the debate, that of the honourable senator from Gulf (Hon. Mr. Power). He is always a fund of informaiton, and is always wise in the advice he offers. I regard his suggestion as a good one, although it does not carry out the spirit of my motion to its full extent. However, when you can't get a whole loaf it is perhaps better to take three-quarters of a loaf than get no bread at all. If I have the permission of honourable senators, as I have of my seconder, I would move an amendment to my motion along the lines suggested by the honourable senator from Gulf.

I hope I have not overlooked any of the honourable senators who have spoken in this debate. They will forgive me if I have done so. I could refer, as did the honourable senator from Shelburne, to the statement made on a C.B.C. television program by the Minister of Transport who frankly admitted that

he did not see in the foreseeable future a practical method of keeping open the St. Lawrence River. As I explained on a former occasion, the St. Lawrence is frozen up, I feel, for the months of December, January, February and March. My proposal was to add 15 days at each end of the closed period; that is to say, 15 days in November and 15 days in April, making a full month, and bringing the closed period to five months.

In support of my proposal I do not think I could do better than show honourable senators a cartoon—I wish I had a copy for all—drawn by Robert Chambers, which appeared in the Halifax *Chronicle-Herald* of Saturday, April 25, in which is depicted a certain senator advocating the closing of the St. Lawrence between certain dates. One he has marked "Jack Frost", and the other "Mother Nature". The heading is: "Don't worry, senator; just leave it to Mum and me." That, I think, tells a story in so far as the closing of the St. Lawrence on the specified dates is concerned.

Later on, in reference to a statement made by the Honourable George Hees in his telecast, Mr. Chambers has an exceptionally large figure of winter covering most of the St. Lawrence, and George is saying: "I personally will make no move to eject him"—that is, referring to the figure—and the heading is: "Come, now, George, don't be chicken."

Those two cartoons represent the thinking of the people in the eastern section of our country.

Honourable senators, I propose, under Rule 28—

Hon. Mr. Haig: Read it.

Hon. Mr. Isnor: Rule 28 reads as follows:

> Any senator who has made a motion may withdraw or modify the same by leave of the Senate.

Hon. Mr. Haig: Yes, by leave of the Senate.

Hon. Mr. Aseltine: We would like to hear what the amendment is.

Hon. Mr. Isnor: The amendment is to the second paragraph, which would read:

> With this in mind it is urged that "open" and "closed" periods be agreed upon, and that the ports of the St. Lawrence upstream from the port of Quebec be considered "closed" ports from November 15 until April 15, and "open" ports as from April 16 to November 14 of each and every year until such times as this arrangement is revoked.

Mr. Speaker and honourable senators, you will note that the amendment consists of the insertion of six words suggested by honourable senator from Gulf (Hon. Mr. Power), namely, "upstream from the port of Quebec".

Hon. Mr. Aseltine: I did not think he was serious when he made those remarks.

Hon. Mr. Isnor: I felt he was very, very serious.

Hon. Mr. Dupuis: If the honourable senator claims that the honourable senator from Gulf (Hon. Mr. Power) was serious, I would move a sub-amendment changing the word "Quebec" to the word "Montreal".

Hon. Mr. Isnor: Honourable senators, I think I have placed my case before you. I have taken a little longer than I intended, but I could not have gone over the objections mentioned by some honourable senators in a shorter time. This motion is not made for the selfish motive alone of increasing the business of the port of Halifax, but rather because I felt it was in the interests of the whole country that we should have prosperity in each and every section instead of just spending $475 million and centering our efforts on the development of one section which is not adequate to meet the demands, with the prospect of spending an additional $100 million of the taxpayers' money on one side and $125 million on another. Remember, all sections of the country pay taxes. That would be $225 million added to the $475 million, so the motion was not made for the purpose of developing Halifax alone.

I rest my case, honourable senators.

Hon. Mr. Higgins: I would suggest, honourable senators, that this resolution be divided into two parts, and that we vote on each part separately. Suppose somebody came to me and said: "Have you respect for both Senator Pearson and Senator Emerson?" How should I answer that? I might have respect for one and no respect for the other, and I might say: "No", and then people would think I had no respect for either of them. I think I am helping the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) when I suggest he allows this resolution to be voted on in two parts.

I feel that most honourable senators have some sympathy for the Atlantic ports. I do not think it is right to put them in the position of voting as if they were against both sections of the resolution. It would be more charitable and more proper, and it would save face, perhaps, for the honourable senator from Halifax-Dartmouth, if this were divided into two parts. Then he would probably win support for 50 per cent of the resolution.

The Hon. the Speaker: In my opinion this resolution must go before the house as a whole. This motion is indivisible. It is not a question of pleasing some honourable senators and displeasing others. If there is a vote

each member of this house will have to make up his mind and vote on the whole question as I will put it from the Chair.

The debate is concluded.

I understand that honourable senators have unanimously agreed that the Honourable Senator Isnor may amend his motion.

Hon. Mr. Aseltine: No, no.

The Hon. the Speaker: In that case, having regard to Rule 28, which does not allow a senator, without leave of the Senate, to amend his own motion, the Chair decides that the motion will be put as it was originally presented to the house and debated.

The question is on the motion of the Honourable Senator Isnor, seconded by the Honourable Senator Connolly (Halifax North):

That it is expedient that the Government, through the Department of Transport, or any other agency or means, bring about a greater degree of use of the Atlantic ports.

With this in mind it is urged that "open" and "closed" periods be agreed upon, and that the ports of the St. Lawrence be considered "closed" ports from November 15 until April 15, and "open" ports as from April 16 to November 14 of each and every year until such times as this arrangement is revoked.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: No.

The Hon. the Speaker: Honourable senators who are in favour of the motion will please say: "Content".

Some Hon. Senators: Content.

The Hon. the Speaker: Honourable senators who are against the motion will please say: "Non-content".

Some Hon. Senators: Non-content.

The Hon. the Speaker: The non-contents have it. I declare the motion lost.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 285 to 300, which were presented yesterday.

Hon. Mr. Croll, for Hon. Mr. Roebuck, moved that the reports be adopted.

Motion agreed to.

BILLS—SECOND READINGS

Hon. Mr. Gershaw, for Hon. Mr. Roebuck, moved the second reading of the following bills:

Bill SD-247, an Act for the relief of Oscar Roy.

Bill SD-248, an Act for the relief of Rosy Fish Tatelman.

Bill SD-249, an Act for the relief of John Andrew Buzzell.

Bill SD-250, an Act for the relief of Barbara Lucy Bain Forbes Logan.

Bill SD-251, an Act for the relief of Ghitta Caiserman Pinsky.

Bill SD-252, an Act for the relief of Florida Seyer Girard.

Bill SD-253, an Act for the relief of Maria Adriana Sluis Metcalfe.

Bill SD-254, an Act for the relief of Irene Kramer Segal.

Bill SD-255, an Act for the relief of Lois Genevieve Good Mulcahy.

Bill SD-256, an Act for the relief of Frances Lerner Rotman.

Bill SD-257, an Act for the relief of Mose Takacs.

Bill SD-258, an Act for the relief of Catherine Mary Rita Durning Dossett.

Bill SD-259, an Act for the relief of Dorothy Elizabeth Fremantle Fleming.

Bill SD-260, an Act for the relief of Donald Edward Cook.

Bill SD-261, an Act for the relief of Maria Carmella Gentile Hammill.

Bill SD-262, an Act for the relief of Ivy Mildred Patch MacDonald.

Bill SD-263, an Act for the relief of Mary Friend Bond.

Bill SD-264, an Act for the relief of Eleanor Patricia Henderson Cosh.

Bill SD-265, an Act for the relief of Patricia McDonald Bouthillette.

Bill SD-266, an Act for the relief of Louis Marcel Blondin.

Bill SD-267, an Act for the relief of Janet Marianne Louise Kippen Coulombe.

Bill SD-268, an Act for the relief of Demetra Paul Garini Liogas.

Bill SD-269, an Act for the relief of Paul Alexander Cross.

Bill SD-270, an Act for the relief of Elisabeth Marguerite Le Febvre Walker.

Bill SD-271, an Act for the relief of Joseph Roger Wilfrid Girard Frigon.

Bill SD-272, an Act for the relief of Jean Paul Frechette. ((Annulment).

Bill SD-273, an Act for the relief of Ben Plotkin.

Bill SD-274, an Act for the relief of Tibor Matthias Miletics.

Motion agreed to and bills read second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Gershaw: Next sitting.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. Mr. Macdonald: Honourable senators, I notice the Order Paper for tomorrow contains two resolutions, one for approval of the Austrian Treaty and the other for approval of the convention concerning the abolition of forced labour. The Order Paper also contains five items for second readings of bills. Could the honourable Leader of the Government (Hon. Mr. Aseltine) inform the house what items he proposes to proceed with tomorrow?

Hon. Mr. Aseltine: Honourable senators, I do not expect to be able to proceed with the treaty resolutions but I do expect to go ahead with item 2, the second reading of Bill C-45, to amend the Excise Act; item 3, the second reading of Bill C-46, to amend the Old Age Security Act; item 4, the second reading of Bill S-20, to amend the Length and Mass Units Act, and item 5, the second reading of Bill S-21, to amend the Weights and Measures Act. I think these will give us a full afternoon's work.

Hon. Mr. Croll: I would point out to the honourable Leader of the Government that I do not have copies of Bill S-20 and Bill S-21. Have copies of those bills been distributed?

Hon. Mr. Haig: They are in your mail box.

Hon. Mr. Macdonald: These bills have not come to my attention either and I am not sure I shall be prepared to deal with them tomorrow if they are not available.

Hon. Mr. Haig: I am sure the bills are in your mail box. Copies were in my box, which is next to that of the honourable Leader of the Opposition (Hon. Mr. Macdonald).

Hon. Mr. Aseltine: I understand copies of the bills have been distributed. I have mine.

Hon. Mr. Macdonald: I am sure the honourable Leader of the Government will not insist on proceeding if we have not had an opportunity of perusing the bills.

Hon. Mr. Aseltine: Certainly not. There is no urgency about them and I will cooperate to the limit with the honourable Leader of the Opposition. I was merely anxious to have a considerable amount of work before the house tomorrow.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, May 14, 1959

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

Prayers.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following reports:

Report of the National Harbours Board for the year ended December 31, 1958, pursuant to section 33 of the National Harbours Board Act, Chapter 187, R.S. 1952. (English text).

Copy of Order in Council P.C. 1959-553 of May 5, 1959, approving the capital budget, appended thereto, of the Canadian Overseas Telecommunication Corporation for the financial year ending March 31, 1960, pursuant to section 80(2) of the Financial Administration Act, Chapter 116, R.S. 1952. (English text).

Ninth Interim Report of the International Commission for Supervision and Control in Viet-Nam, covering the period May 1, 1958, to January 31, 1959. (English text).

VETERANS REHABILITATION BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen, for Hon. Mr. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill C-31.

The bill was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-31) intituled: "An Act to amend the Veterans Rehabilitation Act", have in obedience to the order of reference of May 12, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall the bill be read the third time.

Hon. Mr. White: Honourable senators, with leave of the Senate I move the third reading now.

Motion agreed to and bill read third time and passed.

WAR SERVICE GRANTS BILL

REPORT OF COMMITTEE

Hon. Mr. Hugessen, on behalf of Hon. Mr. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill C-32.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-32) intituled: "An Act to amend the War Service Grants Act", have in obedience to the order of reference of May 12, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

The Hon. the Speaker: When shall this bill be read the third time?

Hon Mr. White: Honourable senators, with leave I move the third reading now.

Motion agreed to and bill read third time and passed.

ADJOURNMENT

Hon. W. M. Aseltine: Honourable senators with leave of the Senate I move that when the Senate adjourns today it stand adjourned until Tuesday next, May 19, 1959, at 8 o'clock in the evening.

Motion agreed to.

DIVORCE

REPORTS OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 301 to 312, and moved that the said reports be taken into consideration at the next sitting.

Motion agreed to.

BILLS—THIRD READINGS

Hon. Mr. Roebuck moved the third reading of the following bills:

Bill SD-247, an Act for the relief of Oscar Roy.

Bill SD-248, an Act for the relief of Rosy Fish Tatelman.

Bill SD-249, an Act for the relief of John Andrew Buzzell.

Bill SD-250, an Act for the relief of Barbara Lucy Bain Forbes Logan.

Bill SD-251, an Act for the relief of Ghitta Caiserman Pinsky.

Bill SD-252, an Act for the relief of Florida Seyer Girard.

Bill SD-253, an Act for the relief of Maria Adriana Sluis Metcalfe.

Bill SD-254, an Act for the relief of Irene Kramer Segal.

Bill SD-255, an Act for the relief of Lois Genevieve Good Mulcahy.

Bill SD-256, an Act for the relief of Frances Lerner Rotman.

Bill SD-257, an Act for the relief of Mose Takacs.

Bill SD-258, an Act for the relief of Catherine Mary Rita Durning Dossett.

Bill SD-259, an Act for the relief of Dorothy Elizabeth Fremantle Fleming.

Bill SD-260, an Act for the relief of Donald Edward Cook.

Bill SD-261, an Act for the relief of Maria Carmella Gentile Hammill.

Bill SD-262, an Act for the relief of Ivy Mildred Patch MacDonald.

Bill SD-263, an Act for the relief of Mary Friend Bond.

Bill SD-264, an Act for the relief of Eleanor Patricia Henderson Cosh.

Bill SD-265, an Act for the relief of Patricia McDonald Bouthillette.

Bill SD-266, an Act for the relief of Louis Marcel Blondin.

Bill SD-267, an Act for the relief of Janet Marianne Louise Kippen Coulombe.

Bill SD-268, an Act for the relief of Demetra Paul Garini Liogas.

Bill SD-269, an Act for the relief of Paul Alexander Cross.

Bill SD-270, an Act for the relief of Elisabeth Marguerite Le Febvre Walker.

Bill SD-271, an Act for the relief of Joseph Roger Wilfrid Girard Frigon.

Bill SD-272, an Act for the relief of Jean Paul Frechette. (Annulment).

Bill SD-273, an Act for the relief of Ben Plotkin.

Bill SD-274, an Act for the relief of Tibor Matthias Miletics.

Motion agreed to and bills read third time and passed, on division.

EXCISE BILL

SECOND READING

Hon. William R. Brunt moved the second reading of Bill C-45, to amend the Excise Act.

He said: Honourable senators, the purpose of this bill is to amend three clauses in the present Excise Act. It seems most strange and rather unusual to me that a member of this honourable house who neither drinks nor smokes should be asked to explain this particular bill on second reading. I feel sure there are many honourable senators present in the house today who, because of their habits, are much more qualified than I am to sponsor this bill. However, because of this virtue which I possess by choice—if you can call it a virtue—the honourable Leader of the Government (Hon. Mr. Aseltine) has asked me to pilot the bill through the house. He has not done so for any other reason.

The Excise Act which is being amended is one which imposes, among other things, what are known as excise duties on liquor and spirits distilled and manufactured in Canada and on cigars manufactured in Canada. Honourable senators are aware that the act applies to many more classes of goods than the two I have just mentioned. However, the changes which this bill proposes have nothing whatsoever to do with any liquor or spirits distilled outside of Canada and imported or cigars manufactured outside of Canada and brought into this country. It simply relates to these products when they are made here.

By clause 1 of the bill you will note that the excise duty which is imposed under section 1, Part I, of the schedule of the Excise Act increases the excise duty from $12 a proof gallon to $13 a proof gallon. This increase, and in fact the entire excise duty which is imposed under this clause, relates to all liquors distilled or manufactured in Canada save and except one, namely, Canadian brandy, which is dealt with separately.

The next amendment to the Excise Act is set forth in clause 2 of the bill. In it the tax on Canadian brandy is increased from $10 a proof gallon to $11 a proof gallon. I quite realize that anyone reading clause 2 of this bill will not find Canadian brandy referred to as such in the bill. If honourable senators will look at the schedule to the original Excise Tax Act they will find Part II of the same relates solely to Canadian brandy, and this particular amendment relates to Part II. I might point out to honourable senators that Canadian brandy, which is manufactured from Canadian grapes, enjoys a $2 per gallon excise duty advantage, and this advantage has existed since 1942. No change has been made in the advantage which Canadian brandy enjoys under this particular amendment, and the differential in duty will remain at $2 a gallon.

The third change that this bill proposes is to increase the excise duty on cigars manufactured in Canada from $1 per thousand to $2 per thousand. This is a very simple change, and no explanation is necessary.

Finally, the bill proposes that this act shall be deemed to have come into force on the 10th day of April, 1959, being the day after the date on which the budget address was given in the other house. I understand that this has been the usual practice followed in connection with taxation changes such as these.

One further word, and I am finished. The proposed increases in duty as set out in clauses 1 and 2 of this bill are estimated to produce additional revenue in the amount of $7 million for the fiscal year of 1959-60, and approximately $8 million for a full fiscal year. The increase in the excise duty on cigars is estimated to produce additional revenue of $275,000 for the 1959-60 taxation year, and $300,000 for a full fiscal year.

Hon. W. Ross Macdonald: Honourable senators, in the first place I should say that this bill is not presented to Parliament for the purpose of advocating the cause of temperance. Apparently the Government of the day has no more interest in that subject than the rest of us. That is not to say that we haven't a substantial interest in it. Certainly the Government hasn't a greater interest, because all that this bill proposes to do is to raise more money from those who drink alcoholic beverages.

Hon. Mr. Connolly (Ottawa West): And those who smoke cigars.

Hon. Mr. Macdonald: I might also remind honourable senators that this is a very short bill, with only four clauses. However, the commodities mentioned in this bill are not the only ones on which increased taxes are imposed. Another bill that is to come before us, a bill to amend the Excise Tax Act, is an all-inclusive bill affecting nearly everything we buy. Of course, some things are excepted. But this is just the first bill to increase taxes, so, make no mistake about it, honourable senators, there will be others.

The total sales of alcoholic beverages for the year ending March 31, 1957 amounted to $342,605,800. That total includes alcohol, brandy, gin, liqueurs, whisky, rum.

Hon. Mr. Croll: Does it include vodka?

Hon. Mr. Macdonald: My honourable friend asks if vodka is included. Not being an expert on alcoholic beverages, I do not know whether vodka is included or not.

Hon. Mr. Croll: It probably is.

Hon. Mr. Macdonald: I notice the list includes alcohol, which is separate from any of the other beverages I mentioned. Probably some other honourable senator can answer the question.

There were also consumed during the year ending March 31, 1957 wines, including sparkling wines, to the amount of $40,535,372.

The beer consumed during that same period amounted to $387,688,578.

Hon. Mr. Molson: May I ask the honourable gentleman a question? Would he care to give the amount of tax contained in those sales figures?

Hon. Mr. Macdonald: I endeavoured to get that information, but unfortunately I did not have time to obtain it before the house met this afternoon. I would suggest that the bill be referred to committee, where that information could be obtained. It is important that we obtain the information, because it would be well to know just what revenue the Government derives from the sale of alcoholic beverages, and so far as I know the only way of obtaining that information is by referring the bill to committee. I thank the honourable gentleman for raising the question.

I did notice that the honourable senator who explained the bill (Hon. Mr. Brunt) stated that the amount of tax which it is expected will be raised, in addition to the amount which would have been raised had the tax not been increased, during the period from April 10, 1959 to March 31, 1960 is $7 million, and during a full fiscal year $8 million.

Honourable senators, naturally I am not going to oppose this bill, but I think it should be emphasized that it is a tax-raising measure. Honourable senators will recall that the Prime Minister criticized some of the provincial Governments for increasing the tax on liquor beyond the amount of increase in the federal tax. Well, I do not know how you can blame the provincial Governments. If the federal Government sees fit to impose a big increase, how can it complain if a provincial Government adds something to the tax in order to raise revenue?

Probably I know why the federal Government objected. I think it felt that the price of liquor was nearing a level where the law of diminishing returns will come into operation. Having raised the tax so high, it was a little fearful that the small amount which the provincial Governments added to the tax might bring that law into effect.

In any event, honourable senators, people who drink liquor are going to pay $8 million more next year for doing so.

Hon. Mr. Reid: They will pay it.

Hon. Mr. Macdonald: Now, we come to the smokers, and I would emphasize that clause 3 of the bill refers to cigar smokers only. Cigarette smokers are not interested in this.

Hon. Mr. Brunt: They get special treatment.

Hon. Mr. Macdonald: My honourable friend says they get special treatment. Well, when he brings down the Excise Tax Bill he will find it certainly provides special treatment for cigarette smokers.

As I say, this bill increases the tax on cigars. The sale of cigars, calculated at wholesale prices, during the 12-month period ending March 31, 1957 amounted to $20,442,300.

Hon. Mr. Brunt: That includes imported cigars as well as those made in Canada.

Hon. Mr. Macdonald: That would be the total sale prices at the factories. I do not recall whether the honourable gentleman

stated the amount of revenue which it is estimated the increased tax will produce.

Hon. Mr. Brunt: $275,000 this year and $300,000 in a full fiscal year.

Hon. Mr. Macdonald: So as result of this bill there will be a total increase in taxation, for a whole year, of $8,300,000.

Well, honourable senators, the Government has to raise money somehow, and this is one method. I object to the expenditure of so much money, but I am not going to oppose this bill.

Hon. David A. Croll: Honourable senators, I think this is a good bill.

Hon. Mr. Brunt: Hear, hear.

Hon. Mr. Croll: But it is brought in by the wrong people—they are not on my side. It is a good bill if money has to be raised—and money has to be raised in this instance.

However, there is one thing I object to, and rather seriously. I can understand that the ordinary, small entrepreneur who has a stock of goods on hand may increase his sale price of goods as a result of an announcement by the Government—in this instance it would be only on cigars—and profit to the extent of his inventory.

Hon. Mr. Aseltine: The price of cigars has not gone up yet.

Hon. Mr. Croll: But when Governments do that, it is another matter entirely. Within 24 hours after the announcement of the increase in the excise tax on liquor, the Liquor Control Board of Ontario announced an increase in the price of its liquor and profited to the extent of the inventory it had on hand. We hear a good deal of criticism of profiteering by big business, but it is no better when Governments do it. In my opinion that is unjustified profiteering by a Government. The Liquor Control Board could have sold the liquor it bought prior to the new tax at the old price, and applied the new tax on the new stock. The board did not have to pay the new tax until it bought new stock.

Hon. Mr. Brunt: That would be pretty complicated, with new stock moving in.

Hon. Mr. Croll: It wouldn't be complicated if the board wanted to do it. In this instance it did not want to do it. I don't know what happened in other provinces, but to the extent of its inventory the Liquor Control Board of Ontario made an unjustifiable profit.

I think it is time a voice was raised in this house and in other places to let Governments know that such action on their part does not come any better from them than from private industry.

Hon. T. A. Crerar: Honourable senators, I have like others an interest in this legislation. But before I make a few remarks on the bill, may I comment on the observations just made by my honourable friend from Toronto-Spadina (Hon. Mr. Croll). I do not agree with his wholesale criticism of the Ontario Liquor Board, and perhaps other liquor boards.

Hon. Mr. Brunt: Hear, hear.

Hon. Mr. Crerar: It may be true that the board increased its price, supposedly to the extent of the increase in the excise tax, and other liquor boards no doubt did the same thing. But if a year from now the Government in its wisdom—frankly, I have not much hope that this will come about—should reduce or remove the excise tax, and the Liquor Control Board of Ontario and other liquor boards have a large stock, they will have to reduce their prices to correspond with the tax reduction. So, I cannot really think there is much force to the observation of our colleague from Toronto-Spadina.

But I am bound to say that my heart was a little heavy when I first read this bill, because it clearly and unequivocally imposes an increase in taxes. I was one of those who in my innocence a few years ago believed that if we had a change in Government we would get a reduction in taxes. I recall the campaign speeches of the Prime Minister and other members of the present Government, also, I believe, by some of my honourable friends sitting opposite in this chamber. They said that economy was to be the watchword, that taxes could be reduced, that expenditures were extravagant, and that all this should be set right in the interests of the Canadian people. And the Canadian people, rightly or wrongly, believed it.

Now we find that not only are expenditures not decreasing, but the main estimates this year show several hundred million dollars in excess of the main estimates of a year ago. We have budgetary deficits, and of course the Government has to impose additional taxes.

I say—and in this particular observation I am most serious—the Government should have cut spending. When it brought its proposals to Parliament this year for its spending program, expenditures should have been cut. We can never balance the budget if we increase expenditures for ever.

On the basis of his fiscal proposals to Parliament the Minister of Finance expects that he will have an increase of 7 per cent in the gross national product this year. Very optimistic! If he reaches 3½ or 4 per cent without further inflation of prices he will do extraordinarily well. If he does not reach

the 7 per cent his budgetary deficit is bound to increase, assuming expenditures will not be reduced.

I do very seriously wish to impress upon my colleagues in this house the importance of cutting down spending at this time. Every Government is over-spending. Those who were my associates a few years ago will recall that I was one of those in this house who very frequently criticized the spending of the late Liberal Government. We have been living beyond our means. As a result we had last year a great increase in money supply and a deterioration in the value of the purchasing power of the dollar, and I fear that is going to continue. That is a matter of grave concern to an increasing number of people across this whole country.

I would make this observation on the bill before us, that if the honourable Leader of the Government in the Senate (Hon. Mr. Aseltine) and our colleague from Hanover (Hon. Mr. Brunt), both of whom we all like, have any influence with the powers that be, for heaven's sake let them try to induce them to curtail Government spending.

Hon. Gunnar S. Thorvaldson: Honourable senators, I wish to say a word or two with regard to the remarks made by my honourable friend from Toronto-Spadina (Hon. Mr. Croll). The purport of my remarks is to agree with him, and to say that I think, particularly with respect to the province of Ontario, that the rapidity with which this province increased the price of the commodity that we are talking about showed both callousness and indecent haste.

Hon. Mr. Connolly (Ottawa West): You are not referring to cigars?

Hon. Mr. Thorvaldson: I am talking about the liquid commodity. That is particularly so when that province saw fit not only to increase the price of that commodity to the extent of the tax that is being levied in this bill, but also to increase the price to a still greater extent.

However, I wish to inform honourable senators that there is one province which has not taken advantage of this bill as yet, namely, my province of Manitoba.

Hon. Mr. Connolly (Ottawa West): You should have made this speech yesterday. It is twenty-four hours late.

Hon. Mr. Thorvaldson: I do not know if the reason for the delay by the province of Manitoba in taking this step—which it will, no doubt, take in due course—is in part due to the election being held there today. Perhaps prices will go up in Manitoba tomorrow. But my main purpose in speaking in this debate was to mention to honourable senators that this is one of the great days in the democracy of my province, which will no doubt begin a new era tomorrow, whoever may be successful at the polls today.

Hon. Thomas Reid: Honourable senators, I want to say a word or two in this debate and mention another side of the issue. First of all, I am glad the honourable Leader of the Opposition (Hon. Mr. Macdonald) has suggested that the bill go to committee, because great numbers of people in Canada are interested from another point of view than has been expressed here this afternoon. Personally, I would like to know just what effect the raising of prices has had on the consumption of spirituous liquors in Canada. Many of us are getting quite alarmed at the number of alcoholics in this country, and it is my guess—I am just hazarding it—that the raising of prices may very well increase the sales, not diminish them. Some people may think that the more you charge the less you sell, but it has not proven that way with whisky, brandy and beer.

As we all know, at one time the British Government controlled the opium trade, and it used the same argument that the provincial Governments now use. They say: "We all have liquor stores now, and we are making such vast profits out of the business that we must keep in it." I predicted that once the provincial Governments went into the selling of liquor they would never get out of it—at least, in my time.

I would like to see information brought down in committee showing the increases in the prices of liquor in past years. Also, I would like to know the number of alcoholics in Canada, which I fear is very large. I want to bring up this matter on behalf of the great temperance group, of which I am one, in an effort toward a solution of this serious problem.

Hon. John J. Connolly (Ottawa West): Honourable senators, I hope that in taking part in this discussion it is not necessary to declare at the outset whether I am a drinker or a smoker, although some speakers apparently made that a condition of entry into the debate.

There are a number of questions which I would like to ask the sponsor (Hon. Mr. Brunt), and perhaps he would be good enough to have some of this information made available at the committee.

The increases in these excise duties apply of course only in the domestic field, and I suppose this does lessen the competition in both the liquor business and the cigar business. In other words, it makes it easier for

the foreign producer who sells in the Canadian market to overtake his Canadian competitor to the extent of the increases, and I wonder whether it places the foreign producer in any special position of advantage.

My second question has to do with a problem which has concerned members of this chamber in other years when this act has been amended. As the honourable Leader of the Opposition (Hon. Mr. Macdonald) said, this bill is not an amendment to the Excise Tax Act, but to the Excise Act. The Excise Tax Act is the act under which the sales tax is levied, and that is the one with which most people are concerned. The Excise Act is a very special statute, which deals principally, I think, with alcoholic beverages of various kinds and tobacco products. For some reason or another the taxes imposed under this act are called "duties". Normally, when one talks about a duty one thinks of a customs duty, or a duty imposed at the time goods are brought into the country. I often thought in other years that the word "duty" as used in this act was an anomaly and somewhat confusing to people, even to people in Parliament.

A few years ago there was an inquiry by a royal commission or a special inquiry into the operation of the Excise Tax Act. I forget whether the Excise Act was included, but in the interests of trying to get uniformity, and, perhaps, clarity in our legislation, I wonder whether we could get some indication from the sponsor when the committee considers this bill as to whether or not that report is to be implemented, and also whether the Excise Tax Act and the Excise Act are to be included in a comprehensive statute which will deal mainly with these domestic taxes which are varied almost every year by the budget.

Hon. Mr. Brunt: Honourable senators—

The Hon. the Speaker: If the Hon. Senator Brunt speaks now it will have the effect of closing the debate.

Hon. Mr. Croll: I would like to raise one point. The honourable senator from Ottawa West (Hon. Mr. Connolly) said something which I am not sure I heard correctly. He seemed to indicate that the tax was on domestic liquor only. It is not applicable to imported liquor?

Hon. Mr. Brunt: That is quite correct. It is on domestic liquor. There are two types. There is the Canadian brandy made from Canadian grapes, on which the increase in the excise duty is $1 per gallon, and on all other liquors there is a similar increase, namely, $1 per gallon, but the Canadian brandy still enjoys the same preferential treatment in that the excise duty is $2 per gallon below that which is imposed on any other kind of liquor distilled or manufactured in Canada.

Hon. Mr. Lambert: May I ask the honourable senator whether what he has just said applies only to the provisions of this bill? Is not imported liquor subject to an excise tax under the Excise Tax Act as well as to a duty under the Excise Act?

Hon. Mr. Brunt: I have not the Excise Tax Bill before me. As a matter of fact, I don't think it has been introduced in the other house yet. Without looking at it I would be unable to answer my honourable friend's question.

Hon. Mr. Connolly (Ottawa West): Could I assist the honourable senator from Hanover (Hon. Mr. Brunt)?

Hon. Mr. Brunt: Certainly.

Hon. Mr. Connolly (Ottawa West): I have not the right to speak a second time in this debate.

Hon. Mr. Brunt: Go right ahead.

Hon. Mr. Connolly (Ottawa West): Thank you.

When goods, including liquor, are imported into this country they are subject to sales tax as well as to customs duty. Imported liquors are subject to the provisions of the Excise Tax Act as well as to those of the Customs Tariff Act. However, domestic liquors are subject to the provisions of the Excise Act but not to the provisions of the Excise Tax Act. I say this subject to correction. This is why it seems to me there would be great sense in simplifying this tax legislation by having the provisions of the Excise Act and of the Excise Tax Act combined in one piece of legislation. I know this is something that has been engaging the attention of the authorities in the Department of National Revenue for some time, and I realize it is not an easy problem to solve. As I said before, an inquiry was made by a commission a few years ago. That commission, under the chairmanship of a Toronto gentleman—I think it was Mr. K. A. Carter, C.A.—visited Australia and some European countries to study the situation in those places. If all these special taxes which go onto commodities were set out in one piece of legislation it would be much more intelligible and much easier for business people to follow, to say nothing of the poor legislators and perhaps even the poor lawyers.

Hon. Mr. Macdonald: I would ask the mover (Hon. Mr. Brunt) to have departmental officials give us some definite information on the total amount of tax on, say, a 25-ounce bottle of whisky.

Hon. Mr. Dupuis: Or on a gallon of whisky.

Hon. Mr. Macdonald: Yes.

Hon. Mr. Brunt: You might suffer heart failure if you found out.

Hon. Mr. Macdonald: Well, I am going to ask the officials that question and perhaps this will serve as notice of it.

Hon. Mr. Brunt: In closing the debate, there is one additional piece of information I desire to give this honourable body, and that is the amount of the increase in the tax as applied to individual bottles. Under this legislation the increase amounts to 12 cents on a 25-ounce bottle of 70 per cent proof whisky.

Hon. Mr. Lambert: That is on whisky made in Canada, is it? Am I right in assuming that that is largely rye whisky?

Hon. Mr. Brunt: Yes.

Hon. Mr. Croll: It is 15 cents.

Hon. Mr. Brunt: The 15-cent item comes in when you start to add the sales tax, which is not done under this particular act.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Brunt, bill referred to Standing Committee on Banking and Commerce.

ADJOURNMENT

EARLIER MOTION RESCINDED

Hon. Mr. Aseltine: Honourable senators, before the next item on the Order Paper is called I should like to make a brief statement. I have just received from the Department of External Affairs a message advising that some fifty Austrians, together with the Austrian Ambassador to Canada, wish to be present in the Senate when we open the debate on the motion to approve the State Treaty for the re-establishment of an independent and democratic Austria. As this group will not be able to attend a sitting on Tuesday evening I would suggest that we have an afternoon sitting on Tuesday, at which time we could open the debate on the treaty. Then, for the benefit of those honourable senators who will not be returning to Ottawa until Tuesday evening, the debate could be adjourned until 8 o'clock, that night. It has also occurred to me that we could postpone the treaty discussions until Wednesday.

Some Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: The honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) will be explaining the treaty provisions to the house and I have not had an opportunity of asking him whether Wednesday would meet the convenience of the Austrian party.

Hon. Mr. Thorvaldson: Honourable senators, the circumstances are these. Trans-Canada Air Lines is inaugurating an air service to Vienna next Monday or Tuesday. The inaugural flight from Vienna to Canada will carry a group of fifty Austrians, who will arrive in Ottawa next Tuesday morning. Officials in the External Affairs Department have suggested, unfortunately only within the last hour, that it would be most appropriate if these Austrian visitors could attend the sitting of the Senate when the Austrian Treaty is being discussed here.

Plans have been made for the Austrian party to be present in the Parliament Buildings between 2.30 and 4 o'clock on Tuesday, and, as I said before, officials of the Department of External Affairs believe it would be most appropriate if the group could be present in this chamber at 3 o'clock in order to hear the opening of the discussion.

Hon. Mr. Reid: On Tuesday?

Hon. Mr. Thorvaldson: Yes. They cannot be here Tuesday night because the Austrian Ambassador has arranged a dinner for them at that time. Those are the circumstances as they have been related to me.

Hon. Mr. Aseltine: Under those circumstances it seems to me that the only avenue open is for me to move, with the consent of the seconder and with leave of the Senate, that the motion passed earlier this afternoon to adjourn until next Tuesday night be rescinded. If the motion to rescind is agreed to I will then move that when the Senate adjourns today it stand adjourned until Tuesday afternoon at 3 o'clock. As I have said, we could continue the discussion of the treaty Tuesday evening for the benefit of those honourable senators who have already left Ottawa and who will not be returning before then.

Hon. Mr. Lambert: May I ask if it is contemplated to refer this treaty to the Committee on External Relations, as has been the custom in the past? In that committee one gets more information in five minutes than during a plenary sitting of the Senate.

Hon. Mr. Aseltine: As usual with these treaties, we cannot change them at all, we have either to adopt or reject them. During

the time I have been Leader of the Government in the Senate I cannot recollect any treaty having been referred to the committee, except NORAD.

Hon. Mr. Lambert: If my honourable friend will permit me, may I say that, as former chairman of the External Relations Committee, I can recall at least five different treaties—relating to trade with Japan, Italy, and other countries—that were referred to the Committee on External Relations. Departmental witnesses were heard, and I think that members of the committee and of the Senate as a whole were in that way able to obtain information they never would have had otherwise.

Hon. Mr. Aseltine: I was just referring to the time I have been in this position as leader. I accept the statement made by the honourable senator from Ottawa (Hon. Mr. Lambert), and I am sure there will be no objection to the treaty going to the committee for further consideration. With the leave of the Senate, I move, seconded by the honourable Leader of the Opposition (Hon. Mr. Macdonald), that my earlier motion with respect to adjournment be rescinded.

Motion agreed to.

Hon. Mr. Aseltine: I now move, seconded by the honourable Leader of the Opposition, that when the Senate adjourns today it stand adjourned until Tuesday, May 19, at 3 p.m.

Motion agreed to.

OLD AGE SECURITY BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. John G. Higgins moved the second reading of Bill C-46, to amend the Old Age Security Act.

He said: Honourable senators, I move second reading of this bill, seconded by the honourable Senator Buchanan—although I think the name Buchanan might more appropriately be connected with the previous bill.

This is an amendment to the Old Age Security Act, which was passed in 1952. The amendment is a very brief one, and I shall perforce be brief. It consists of only three paragraphs. The amendment provides for an increase in the amount of the tax by which the money to pay old age pensions and security is raised. This money is raised by a tax on the sale price of goods, on personal incomes and on corporation income, and so far as I understand the amount received has been insufficient every year. In every case the tax is increased from 2 per cent to 3 per cent.

The old age pension was $40 per month under the act of 1952; it was increased to $46 in 1957, and in the same year it was raised again to $55.

Section 10 of the act of 1952 provided for the levying of a sales tax of 2 per cent on the sale price of all goods in respect of which taxes are payable under the Excise Tax Act, and by a tax of 2 per cent on the taxpayer's taxable income for the year, and by a tax of 2 per cent on the taxable income of a corporation for a year. The amendment is a substitution of 3 per cent for 2 per cent in every case.

Clause 1 of the bill raises the tax from 2 per cent to 3 per cent on the sale price of goods, and makes the payment retroactive to April 10, 1959. As explained in the debate on the previous bill, that was the day after the budget was brought down.

Clause 2 of the bill raises the tax from 2 per cent to 3 per cent on taxable income, with a maximum tax of $90. It provides, however, that for the year 1959 the amount payable by a taxpayer is only 2½ per cent, with a maximum of $75; that is to say, the tax of 3 per cent is not paid on the whole year and the taxpayer really pays for ten months.

Clause 3 increases the amount of tax in the case of companies other than corporations liable to pay tax under section 70 of the Income Tax Act, the increase being from 2 per cent to 3 per cent on the taxable income for the year. Section 70 of the Income Tax Act deals with non-resident-owned investment corporations which pay 15 per cent tax, irrespective of whatever income they make. A non-resident-owned corporation is one of which at least 95 per cent of its aggregate value of issued shares, and all its bonds and securities are beneficially owned by non-residents, and of which not more than 10 per cent of its gross revenue is derived from rents, and whose principal business is not the making of loans or dealing in mortgages, bills, notes, etc. Such a company pays only 15 per cent, irrespective of its profits in a year.

Provision is made in this bill for a company which has a tax year that does not end on December 31 of any year. Thus a company whose taxation year ends on October 1 would pay a tax in respect of 1958 for one-quarter of the year at 2 per cent, and in respect of 1959 it would pay for nine months at 3 per cent, which would make up the whole year.

The amount that will be obtained under this bill in the case of any year—not taking into account 1959, because the increased taxes apply to only a portion of 1959—is, in the case of personal income tax, $75 million; in the case of corporation tax, $28 million; and

in the case of sales tax, $93 million; making a total of $196 million. In 1959, in view of the fact that most of the amount will be collected only as from April 10, that is for a little over nine months of the year, personal income tax will yield $41 million; corporation tax, $20 million; and sales tax, $82 million, making a total of $143 million.

The estimated total tax under the act for the year 1959-60 is $536 million.

Hon. W. Ross Macdonald: Honourable senators, on June 10, 1957, when the present Government was returned to office, it owed its victory in very large degree to the fact that it had promised to increase the old age pension. Up and down the country people supporting the Conservative party harangued the public on the fact that the administration of that day was overtaxing the people and could well afford to increase the old age pension without increasing taxation. That was their theme. And it paid big dividends as far as the present administration is concerned, for it was elected. Today it is in power with one of the largest majorities that any Government has ever had, largely, I repeat, due to the fact that it promised the people of this country that old age pensions could be increased without any increase in taxation. Taxes were far too high, according to the present administration, and it promised not only to reduce them but to return some of the money to the people by way of increased old age pensions. Well, it proceeded to give some of the money back by way of increased old age pensions. How? By reducing taxation? By leaving taxation at the level at which it was when it assumed office? No. It went the former administration one better and over-taxed beyond the over-taxation which it claimed had been put into effect by the former administration. The tax level was said to be too high then. Well, the Government has forgotten all about that now and taxes have risen to greater heights than ever. We now have a tax level higher than at any other time in the history of this country, despite the fact that the administration went into office on the promise that the tax level would be reduced.

If the Government did not know before the election it soon found out that it could not increase expenditures without increasing taxation. True, it increased the old age pension, but it is increasing taxation. Why? Because the deficit in the old age pension account was getting too great, and I would like the sponsor of this bill (Hon. Mr. Higgins) to tell me whether now, even with the increase in the old age pension tax, the fund is being run on an actuarially sound basis. I think the house is entitled to that information. If the honourable senator has not got the information now he might ask the officials who come before the committee to have it for us.

What is the status of the old age pension account at the present time? Why is taxation for old age pensions being increased?

In 1955 the excess of payments over receipts was $63,300,000; in 1956 that excess was reduced to $50 million. For the fiscal year ending March 31, 1957—and you will recall that the former administration was in power at that time—the excess of payments over receipts had been reduced to $7,500,000. But in the first year of the present Government's administration the excess of payments over receipts increased to $102,400,000.

Hon. Mr. Haig: In what year was that first increase?

Hon. Mr. Macdonald: I have given the figures for the years ending March 31, 1955, 1956 and 1957.

Hon. Mr. Haig: Did you give the increases from 1957 on?

Hon. Mr. Macdonald: I am now giving them.

For the year ending March 31, 1957 the deficit had been reduced to $7,500,000 but by March 31, 1958—and my honourable friend surely remembers that day, for that was the day of the great victory of the present administration—the excess had gone up to $102,400.000.

Hon. Mr. Haig: But there was no change in the tax rate until after the first of October 1957.

Hon. Mr. Macdonald: I don't think there has been any tax increase until the present time.

Hon. Mr. Haig: There was no increase in payments until the first of October 1957.

Hon. Mr. Macdonald: Well, that makes it all the worse.

Hon. Mr. Haig: The first increase was the one of $6 that the former Government gave, but the Conservative Government did not increase the amount until the first of October 1957.

Hon. Mr. Macdonald: I think it was the first of October, 1957. The result was that on March 31, 1958, largely as a result of that increase, the excess of payments over receipts had gone up to $102 million.

Hon. Mr. Aseltine: But the former Government had increased the pension by $6 and part of that would be in there.

Hon. Mr. Macdonald: Yes. The former Government had increased it on July 1, 1957.

Hon. Mr. Aseltine: And that stood until October.

Hon. Mr. Macdonald: That stood just until October.

Hon. Mr. Haig: It was not paid in October, it was the first of November when it was paid.

Hon. Mr. Macdonald: Anyway, the present administration, if it wants any credit for it, has the credit for the fact that from March 31, 1957 to March 31, 1958 the deficit increased from $7,500,000 to $102,400,000.

Probably my friend will be interested in the next statement.

The deficit—this is estimated—on the 31st of March, 1959, was $184 million. So the account has continually been going into the red more and more.

Well, what did the present Government do? It can't pay out money it hasn't got. So it had to forget all about its promises and face the facts. Now it has come to us with an increase in taxation on account of old age pensions, and there is nothing we can do about it. However, we can always remember this lesson: the more money a government spends the more it must collect.

Hon. John T. Haig: Honourable senators, I wish to say a word or two in this debate.

In 1957 the Liberal Government brought down in its budget an increase of $6 in the monthly old age pension allowance. The present Government increased the benefits by $9 from December 1 of that year. So this administration is responsible for only about half of the total increase.

I fail to find anybody who will produce a statement as to what the present Government did. I happen to know of my own knowledge that there was no statement issued until after the election of that year was over. Old age pensions were not an issue in the 1958 election, because the legislation was passed in the fall of 1957. Honourable senators will remember that I had the honour to be Leader of the Government in this house, and I presented the legislation raising the monthly payments from $46 to $55.

Hon. Mr. Macdonald: Without increasing the taxes.

Hon. Mr. Haig: Yes. But part of the increase over the original pension, namely $6, was made by the former Government in the same year. So almost half of the increase came in under the former Government's legislation. It all turned on the fact that the revenues were not as great that year as they had been in some previous years, and no matter what Government had been in power at that time, it would have been faced with a decline in revenue. Now, all that this bill seeks to do is to bring income on old age pension account up to expenditures, which is as it should be.

I probably should not say this, but in my opinion the mistake is in the old age pension plan itself. I am not saying this as a member of any Government, but on my own responsibility. I am not trying to bind any Government. But I do ask: Why in the world should any Government present old age pension legislation giving benefits to men and women who have no need for the money at all? That is the criticism you ought to be making today. That is the criticism of the people who are paying the taxes on it now. I am glad the people who have benefited by this legislation, and who did not need the money, have to pay taxes to reimburse the Government. Under any system of welfare, the minute you throw the door wide open and say that everybody over 70 years of age, regardless of means, should have the same old age pension, you are on very dangerous ground. No welfare system in the world can stand that kind of attack without increasing taxation right through the piece. No matter how long we stay in this house it will come up year after year, because the system is wrong in itself.

We as Anglo-Saxons, as Canadians, have been very hostile to welfare schemes, but not because we do not wish to help the other fellow. I well remember when I was in the Manitoba Legislature, in 1934, a man broke a window in Eaton's store in my city and took two loaves of bread to feed his children. He was threatened with arrest, but the Attorney General of the province did not have him arrested. That man had six children, no job, and nothing to eat. A condition like that may exist in certain places from time to time and I do not want to see anyone suffer for lack of work or food. I entirely agree with the view of the present Prime Minister, that the unemployed must be taken care of. That is the whole substance: they must be taken care of.

Hon. Mr. Baird: Half of them won't work.

Hon. Mr. Haig: That isn't true. In my city there are a few who won't work, but the great majority will if they have a job to do. Some of them may not know how to do a certain job, or don't like to do it, and there may be some loafers. Even in my class at school there were some loafers, but finally we had to get to work.

I am glad we have the old age pension. I know people in my city who now have what I call a decent living by reason of the pension; without it, I don't know how they would get along. They have lived there for as long as 50 years, are now very old and

need help. I have no criticism of taxation for that purpose. But from day to day I hear honourable senators on the other side saying we should do thus and so, all of which costs money, which has to be got by taxation, and they criticize the present Government when it raises taxes. I say that is pure hypocrisy.

We in Canada today have to realize that we are caught in a world struggle, and we must pay our share in that struggle. We are going to have a discussion in one of our committees about money matters, but it will all get back to the one fact, that we are in a world that is dangerously upset. We look back in history two or three hundred years, back to the days of old dictatorships that we thought were gone for ever. Now they are coming back on us again, and we Canadians have to stand up and fight.

I do not like to hear criticism of a Government which is carrying out a policy that was made by another Government. I am in favour of this legislation. At the same time, I am economical. I don't like to waste my money, I like to keep it rather than throw it away. I taught my children the philosophy—and I know you have taught yours the same—that their responsibility today is greater because they have the dollars to spend to look after the other fellow. I am glad to see the Government face the music and charge the cost of this pension system up to the people, because the people who are paying for it are able to pay for it. If I earn an income I am willing to pay my share of the taxation required to take care of the fellow who is out of a job or who needs money.

Hon. T. A. Crerar: My observations, honourable senators, will be brief.

I have never been an admirer of the present system of old age pensions. That does not mean that I am necessarily opposed to some system of pensions. My colleague from Winnipeg (Hon. Mr. Haig) who has just addressed the chamber rather intimated that this legislation is necessary because the former Government instituted a system of old age pensions. It is true that the original legislation was passed by the Liberal Government. But if my honourable friend had reflected he would have recalled that this question was the subject of an exhaustive inquiry before a committee of the other house, or it may have been a joint committee, and the committee unanimously recommended the institution of an old age pension plan precisely as we have it today. The criticism in my own mind at that time was that the legislation was not as fully considered as it should have been. No party wanted to object to old age pensions. In fact, the parties were vying with each other in their approval of this principle.

A parliamentary committee is probably not the wisest body to consider a matter of this kind objectively. Ten years or so ago, when this committee brought in its report, an election was pending. No one was going to get up and say: "I am opposed to pensions", or: "I am opposed to this particular form of pension." Everyone was afraid that might have an adverse effect on the political fortunes of his party.

So there was evolved this theory that the pension was payable as a matter of right. That is a principle that I have never agreed with, and I do not agree with it today. If we have to pay pensions—and we have to—let us pay them on the basis of compassion, not as a matter of right. Why should a man, for instance, who has been successful in business and who has an income of $50,000 or $100,000 a year, or even $15,000 or $25,000 a year—

Hon. Mr. Aseltine: Or less.

Hon. Mr. Crerar: —who is wholly able to look after himself and his dependents, have a pension as a matter of right? I disagree with that completely.

Hon. Mr. Macdonald: Would you not have a very difficult administrative problem otherwise? Where would you stop? Would you say the man who has $3,500 a year should get a pension, but the man who has $3,600 a year should not?

Hon. Mr. Crerar: No. That opinion has been expressed in the past as being one of the insuperable difficulties in paying pensions where needed. But if you based pensions on need there would be no shame or discredit on anyone who applied and gave the facts of his circumstances, and it would be an easy matter to provide a basis or a code to cover all such cases.

What are our old age pensions costing today? The bills this year are running, I think, pretty close to $600 million, if my memory serves me correctly. The fund has been in deficit on the basis of the estimates made originally to cover it. This bill proposes to increase the revenue but I venture to say that the bill will not provide enough revenue to pay the full amount of the pensions. If we suffer a decline in our economic affairs it is going to be reflected unquestionably in the revenues of this fund. In the past large sums—I have forgotten at the moment how much—have been paid out of the treasury to bolster the fund, and those are taken, in another fashion, out of the pockets of the taxpayers.

I do not like dressing this thing up in a beautiful fashion and saying: "Well, we have a special formula, the 2.2.2 formula—2 per cent of the income tax, 2 per cent of the corporation tax, and 2 per cent of the excise tax—to provide the funds." Although dressed up in that way it is, nevertheless, a tax on the people as much as any other kind of a tax is.

I hope I have made it clear that I am in favour of a means test for the payment of old age pensions. It could be worked out without difficulty.

One other observation I wish to make is that this legislation imposes an additional tax of 1 per cent on individuals, up to a limit of $90, but on corporations without any limit. I know it is fashionable to knock the corporations. They are the big rich people; let them pay the taxes! But that does not make economic sense.

Only a short time ago I happened to fall into conversation with the president of one of the large pulp and paper companies in Canada. I asked him the rather banal question: "Well, how are you finding business?" He said: "We are having increasing trouble." Where is his trouble coming from? It is coming from Scandinavian countries and countries like Poland, and will come, honourable senators, within a few years from Russia. As we know, Russia operates under a wholly different economic system from ours, but in the Scandinavian countries the wage scale is very substantially below what it is in Canada.

The same is true of iron and steel products. As a matter of fact, I am told and, I believe, reliably, that iron and steel products coming from Belgium, Great Britain, Germany and France are being laid down in Toronto at a cost that makes it impossible for the Steel Company of Canada, which is less than 100 miles away, to compete.

The effect of this legislation is to increase the burden on every producing company. If a company has a profit of $10 million a year its increase in taxes will be 1 per cent of that, and it is easy to calculate the amount.

There was a noted economist who lived during the middle of the last century, if I recall correctly, who stated that the power to tax is the power to destroy. We have gone about imposing our taxes in a light-hearted fashion and without any thorough study of the incidence of the tax—that is, without regard to what effect the taxes will have.

I have spoken of a few corporations. Our lumber people are finding the same thing as the others, and the effect on our economy in the next few years may be very serious. Today our exports are decreasing. Why? Because we are pricing ourselves out of the markets where we used to sell our goods. Furthermore, our imports have been rising because goods can be produced more cheaply in other countries, goods which compete with the products of our own manufacturers. I am all for competition. I don't wish to see artificial restrictions of trade at all. They are not the means by which we are going to cure any economic ills we have. I simply wish to point out to the house that the effect of this legislation, which we seem to pass without a great deal of consideration or thought, will add to our costs in world competition and may be far-reaching in its ultimate consequences.

Hon. William M. Wall: Honourable senators, I do not intend to detain the house long. Bill C-46 is simple and direct in its intent and I have no quarrel with it, because bills must be paid, and the days of reckoning or bookkeeping accounting are upon us. As the honourable senior senator from Winnipeg (Hon. Mr. Haig) has said, we have to face the music. That is okay with him and it is okay with me.

This bill attempts to remedy a failure in the application of the important pay-as-you-go principle in the Old Age Security Act, which was agreed to, incidentally, by all parties in the Joint Committee on Old Age Security back in 1950. The committee simply recommended there should be a separate bookkeeping account for the Old Age Security Fund and that three tax sources should be earmarked for that fund. It was hoped that the moneys coming in would balance the disbursements. We started with a deficit, and slowly we decreased that deficit to $7½ million, as the honourable Leader of the Opposition (Hon. Mr. Macdonald) pointed out. We were slowly coming closer to balancing off that relationship between the costs and the benefits. This relationship is variously described as self-sufficient, actuarially sound, bookkeepingly sound, integrity of fund, pay-as-you-go principle, and so on.

I should like to interpret this bill as a kind of commitment in practice that the views of the joint committee were essentially sound, that the fund should be on a sustaining or pay-as-you-go basis, and that these basic principles will be adhered to in the future, even though circumstances might oblige us to change the ground rules again with regard to the amount of pension or the age or what-have-you.

I think in this context the observations of the honourable Leader of the Opposition concerning former promises were pertinent, and

I should like to reiterate the importance of the question posed by him as to how long this statutory change will serve us.

The sponsor of the bill said that increased revenues during a total year are expected to amount to $536 million. I presume that is for the next total year. At any rate, for that next total year what in effect will be the disbursements out of that fund and what will be the deficit, and are we really coming close to that pay-as-you-go principle?

The fact remains that if we accept the premise on which everybody gets a pension of a certain size at 70 years of age, then we are faced with the problem that the life expectancy of those who reach 70 is gradually increasing. In other words, the number of people who reach 70 live longer. Secondly, the number of boys and girls who are born and then reach 70 is also increasing, so that in the past five years I believe the number of recipients increased by about 20 per cent, or 4 per cent a year. Now, what is the anticipated increase in the number of recipients in the next five years, and what will the fund look like with the revenues coming in on this new basis and the disbursements going out in the next one to five years, so that we would have some sort of idea of the effect of this legislation? Certainly there should be some projected figures for the revenues and the disbursements.

Hon. Mr. Macdonald: The life expectancy is also increasing.

Hon. Mr. Wall: Yes. There are two factors, two gimmicks, and we are pleased they exist. One is that more people are reaching 70 years of age, and secondly, those who reach 70 live longer. Therefore, the 4 per cent annual figure of increase in the number of recipients could conceivably grow, and I think it is important for us to know what the calculations are.

The honourable senator from Churchill (Hon. Mr. Crerar) raised the problem with respect to no limit for corporation taxes as opposed to the $90 limit which is in the present statute for individuals. That is true, and there is an anomaly there that probably should be looked into. I am mischievous enough to suggest I just don't understand the principle behind the limitation of $90 for individuals. If there is such a principle, and if it is a very important one, probably it is geared to the benefits-received concept or something. I don't know, but if it is, then either it should apply to both or it should not apply to either one, and everybody should pay as much as he can by virtue of the amount of income he receives.

This afternoon I checked with the Annuities Branch to try to determine where this $90 maximum came from. I wanted to establish some sort of a relationship. Interestingly enough, I found that if I were 21 years of age I could buy an annuity at a cost of roughly $49 a year, which would bring me a monthly pension of $55 at age 70. Now, there may or may not be a relationship here, but if this bill goes to committee I will be very interested in knowing where that concept of limitation of $90, which was previously $60, came from.

Honourable senators, I brought with me two volumes of a report by Professor Robert M. Clark, entitled *Economic Security for the Aged in the United States and Canada.* I must confess I have read only the first volume and certain parts of the second, particularly those which I recently discovered dealing with inflation.

Hon. Mr. Reid: You have done well.

Hon. Mr. Wall: I think it is a propitious time today to bring to the attention of the Senate this report and to ask whether in the light of the simplicity and the directness of the intent of the bill now under discussion one might ask, "What about this interesting report with its fund of valuable analytical information, upon which suggested recommendations to the old age security program could be made?" I want to direct your attention to four problem areas which are discussed in this report, and pose the question: What is going to be the ultimate fate of these four problem areas and of the report as such.

For example, has the Government taken into account and into consideration the comments and the observations of Dr. Clark regarding the burden and the distribution incidence of the three tax sources we have been discussing as compared to their eventual utilization or distribution through old age security payment? I would refer honourable senators to pages 321 to 326 of this report.

Then the concept of the adequacy of old age security payments is raised and on what bases or principles benefit payment could be changed in the future in the light of events; and there we hit squarely the problem of inflation. At page 605 of the report Dr. Clark states flatly that unless vigorous and co-ordinated policies to fight inflation are put into effect, and soon, the price levels in Canada will double again within two and not more than three decades.

Hon. Mr. Aseltine: This is not a debate on inflation.

Hon. Mr. Wall: I know that, but it is certainly pertinent to the problem.

Then on page 32 Dr. Clark states the effect of inflation upon old age security and other insurance payments, in these words:

> Both social and private insurance are undermined by inflation which in this report will be defined as a rise in the general price level.

And the whole of chapter 18 in the second volume discusses inflation and the effects of inflation upon pensions and other provisions which people make for their old age.

Hon. Mr. Aseltine: Can the honourable senator tell me the date of the report? I think he gave the date, but I did not hear it clearly.

Hon. Mr. Wall: I do not think I did. I do not know the exact date, but it was filed in 1959. I do not know the date of the filing, for that is not given. It is a very current report.

Hon. Mr. Macdonald: It was tabled in this house.

Hon. Mr. Wall: Yes, it was tabled in this house. It was presented to the honourable Minister of National Health and Welfare on February 15, 1959.

In that particular chapter there is a long discussion on the problem of protecting pensions and old age security payments from inflation, and it would be significant and important, I think, for us to know what the problems are.

Then further there is another problem area that he raises, which is also interesting and that is the whole problem of old age assistance, in which area, as honourable senators know, the federal Government contributes 50 per cent and the provincial Government 50 per cent. It is upon a means test basis, involving payments up to $55 a month under the old age assistance for people from ages 65 to 69.

Hon. Mr. Macdonald: May I ask the honourable senator if he knows whether the payments under that act are made from the funds that are received under this act?

Hon. Mr. Wall: No, they are not. But there is a problem which Dr. Clark raises in this whole context of old age security, and that is the problem I would like to point out. On page 307 he says:

> It will be noticed that the provinces in which the largest proportions of persons aged 65 to 69 are on old age assistance are those in which the lower average personal incomes *per capita* are found.

He goes on to point out by charts and tables that the highest percentage of people who are not able to subsist after the age of 65 are found in the provinces of Newfoundland and in the other Atlantic provinces, plus Manitoba and Saskatchewan, interestingly enough; and raises the whole problem of adjusting the transfer payments from the dominion to the province, or something, so as to balance off this extra burden which does fall upon the provinces where they have the lowest *per capita* income, and also the highest number of people aged 65 to 69 who are not able to take care of themselves. He suggests that that problem area needs further study.

He also raises the whole problem of supplementary contributory pension scheme to be added to the universal coverage that we now have on more or less of an insurance basis.

I am raising these problems and bringing this report to the attention of the honourable senators simply with the request that perhaps this report should not be forgotten or overlooked, and that at some appropriate time, probably at the next parliamentary session, this report, plus other problems dealing with old age security, might receive study or attention, perhaps from our Standing Committee on National Health and Welfare.

On motion of Hon. Mr. Reid, debate adjourned.

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

THE SENATE

Tuesday, May 19, 1959

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

Prayers.

FREIGHT RATES REDUCTION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-38, to make provision for the reduction of certain class and commodity rates on freight traffic.

Bill read first time.

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

Hon. Mr. Aseltine: Thursday next.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I lay on the table the following document:

Report by the Chairman of the Unemployment Insurance Advisory Committee to the Minister of Labour, dated August 26, 1958. (English text).

Hon. Mr. Macdonald: Hear, hear. Better late than never.

Hon. Mr. Aseltine: I wish to say in reply to the request by the honourable senator from Toronto-Spadina (Hon. Mr. Croll) on May 13, that the report of July 8, 1958 on the state of the Unemployment Insurance Fund for the fiscal year ending March 31, 1958 was tabled in the Senate on August 20, 1958.

I also table:

The *Canada Gazette*, Part II, Statutory Orders and Regulations, 1959, Wednesday, May 13, 1959, pursuant to section 7 of the Regulations Act, Chapter 235, R.S. 1952. (English and French texts).

Exchange of notes between Canada and the U.S.A. concerning the establishment in Canada of Short Range Tactical Air Navigation Facilities at Nine Sites (Tacan). Signed at Ottawa, May 1, 1959. (English and French texts).

AUSTRIA

RESOLUTION OF APPROVAL OF STATE TREATY

Hon. Gunnar S. Thorvaldson moved, pursuant to notice:

Resolved: That it is expedient that the Houses of Parliament do approve the State Treaty for the re-establishment of an independent and democratic Austria signed at Vienna, May 15, 1955, and that this house do approve the same.

He said: Honourable senators, in speaking to this resolution this afternoon I am sure that we all take great satisfaction in knowing that we have as interested spectators in the visitors' gallery of this chamber a group of distinguished Austrian nationals who are on a visit to Canada. They are in this country as guests of Trans-Canada Air Lines to commemorate the beginning of a new passenger air service between Canada and Vienna, Austria. May I express on behalf of all honourable senators a cordial welcome to this group as guests in our country and as visitors in this chamber.

Hon. Senators: Hear, hear.

Hon. Mr. Thorvaldson: Let me also say of their country that although the new Austria adheres scrupulously to its policy of military neutrality, it has constantly demonstrated its devotion to democratic and humanitarian values. A fine example of this was the way in which it gave refuge to 180,000 Hungarians during their recent tragic struggle for freedom.

I have some personal knowledge of this outstanding service to humanity, having had the honour of being joint chairman of the Canadian-Hungarian Relief Fund, which two and a half years ago raised in Canada well over a half-million dollars to aid in the relief of Hungarians who escaped their country during this critical period.

Honourable senators, the late Secretary of State for External Affairs, the Honourable Sidney Smith, announced in the House of Commons on February 26 the intention of the Government to request Parliament to adopt a resolution approving the accession by Canada to the State Treaty for the re-establishment of an independent and democratic Austria which was signed at Vienna on May 15, 1955.

Hon. Mr. Euler: Why has it taken four years to bring in this resolution?

Hon. Mr. Thorvaldson: I think perhaps the answer to that question will become apparent as I go on with my remarks.

The resolution which I have the honour to introduce gives the Senate an opportunity to express its views on this treaty, which terminated the Four-Power occupation of Austria and permitted its re-establishment as a sovereign state. The Austrian State Treaty was negotiated between Austria, the United States, the Soviet Union, the United Kingdom and France. Other countries were not consulted, but provision was made for the accession of those which had fought against Nazi Germany. Because of the importance of the treaty to her, Austria wishes that as many friendly countries as possible should accede, and has invited Canada to do so.

Prior to Mr. Smith's announcement, the countries which had exercised their rights to accede were Poland, Czechoslovakia, Yugoslavia, Mexico, and Brazil.

I will not attempt to deal in detail with the negotiations which preceded the signing of the treaty. However, I might touch on the high points. In October 1943 the United Kingdom, the United States and the U.S.S.R. declared in the Moscow Declaration their resolve to establish a free and independent Austria at the conclusion of hostilities. France associated herself with this declaration in November of the same year. Following the capitulation of Germany in 1945 and the subsequent Potsdam Conference, the Allies, on the basis of the frontiers which had existed before Austria had been forcibly incorporated into the German Reich in 1938, divided Austria into four zones of occupation. Vienna was similarly split into four sectors and made the seat of the Allied Control Council. A council of the four Allied foreign ministers was formed and made responsible, *inter alia*, for the preparation of an Austrian treaty to restore Austria's sovereignty according to the principles of the Moscow Declaration. This task was passed on to a committee of the foreign ministers' deputies. By 1950 a draft State Treaty had been laboriously hammered out, leaving, however, four articles on which agreement had not yet been reached. As the post-war international division between East and West became more marked the prolonged negotiations suggested to the Western powers that the Soviet Union did not consider the conclusion of an Austrian State Treaty to be in its interest. In 1952 the West tried another approach to the problem with an abbrievated draft treaty. This was rejected by the representatives of the Soviet Union.

A United Nations resolution sponsored by Brazil in the General Assembly in 1952, and passed by an overwhelming majority, urged an early fulfilment of the Moscow Conference Declaration, but it did not affect the Soviet attitude.

Although the U.S.S.R. relaxed some of its occupation controls, no further progress was made until the calling of a conference at Berlin, in January 1954, revived Austria's hopes of the eventual signing of the State Treaty. In spite of the fact that the Western powers declared themselves ready to sign the Soviet version of the treaty, the Berlin conference failed to break the deadlock, because the Soviet Union made it obvious that it wished to maintain occupation troops in Austria after the signing of the Austrian treaty and until a German peace treaty had also been signed.

Note that this was as late as 1954.

A change of attitude by the U.S.S.R. became apparent, however, early in 1955, when the Soviet Government informed the Austrian authorities to send a delegation to Moscow to discuss the terms of a treaty. Events then moved rapidly and, after a few meetings between the representatives of the Four Powers and of Austria, an agreement was reached on the long-awaited treaty. It was signed by the five foreign ministers at Vienna on Sunday, May 15, 1955.

I think it is of considerable interest to read, for instance, article 8 of this treaty. It is very brief, but it may surprise many honourable senators that the U.S.S.R. would accede to an article in the terms of that one. I read:

> Austria shall have a democratic government based on elections by secret ballot and shall guarantee to all citizens free, equal and universal suffrage as well as the right to be elected to public office without discrimination as to race, sex, language, religion or political opinion.

I think the successful conclusion to the decade of wearisome negotiation on the Austrian State Treaty should offer some hope to those who despair that Russia will ever honour its commitment to allow the restoration of German unity. It suggests, too, that there might be considerable merit in the proposal of the West German Government of September of last year to set up a Four-Power continuing commission to seek a solution to the German problem. We must hope that a solution to this unjust and potentially dangerous situation will be found at the foreign ministers' meeting which started last week in Geneva or at the summit conference which may follow.

However, our experience with the Austrian State Treaty indicates that progress is perhaps more likely to be achieved during prolonged and relatively unpublicized negotiations at the expert level. Might I contrast that with the glare of publicity which accompanies the present foreign ministers' meeting in Geneva, and which will likely make a meeting of minds there so much more difficult than otherwise. It is partly for this reason that Canada has warmly supported the West German proposal for a new Four-Power continuing commission to tackle the German question.

To return to the Austrian State Treaty: Apart from the right to take part in any negotiations to alter the treaty, countries which accede do not acquire any particular privileges. On the other hand, accession by Canada would not increase our obligations to Austria. Under article 2, we would be required to respect the independence and territorial integrity of Austria, but this would entail no obligation other than those which already arise out of our common membership in the United Nations. Austria's neutrality was established by Austrian legislative action after the re-establishment of Austrian independence; it is not a provision of the treaty; and, consequently, accession does not create

any special obligation in regard to the preservation of that neutrality.

Article 27(1) of the treaty states that the Allied and Associated Powers intend to return Austrian property and will be prepared to conclude agreements with the Austrian Government for this purpose. As of March 31, 1959, the balance of Austrian assets vested in the Custodian of Enemy Property amounted to $36,604.76. These are being returned to the former owners, or to their heirs, if and when they are located. Canada's accession to the State Treaty, therefore, would not require any change in existing Canadian legislation or policy concerning the return of Austrian property.

Several countries have delayed accession to the treaty until certain financial claims against Austria are settled. However, the situation concerning Canadian claims against Austria has been satisfactory for some time and does not warrant any delay in acceding to the treaty, or the expression of any reservation. Accession to the treaty would not create any new class of claim as between Austria and Canada or their respective nationals and would merely confirm benefits which, in practice, Canadians already receive.

The importance which the Austrians attach to Canadian accession has been a major consideration in the Government's decision to take this action. On the occasion of Mr. Smith's announcement in the House of Commons, Mr. Leopold Figl, Austrian Minister of Foreign Affairs, wrote:

> The Austrian Government has charged me to express to you its warmest gratitude for your Government's action concerning Canada's accession to the Austrian State Treaty.
>
> My Government welcomes this step as a further confirmation of the friendly and most cordial relations between our two countries.
>
> I need not assure you that the statement you kindly made on that occasion is highly appreciated throughout my country.

The Canadian Government are conscious of the significance of the treaty in the re-establishment of Austria's sovereignty, and are glad to associate Canada with it. The late Secretary of State for External Affairs, when he made his announcement in the House of Commons, said—and I ask the consent of this chamber to repeat his exact words:

> Canada's accession, when it takes place, will be at the request of the Austrian government and it is an action which we take willingly as a mark of friendship and sympathy for a country whose achievements we admire.

Canadian-Austrian relations have been established on a regular and friendly basis and Canada's accession to the Treaty should bring the two countries even closer together.

The same day that Mr. Smith spoke in the house Mr. Skinner, the acting Prime Minister of New Zealand in the absence of Mr. Nash, announced that his country had also decided to accede to the treaty. We welcome this step on the part of a fellow member of the commonwealth and hope that other countries will find it possible to take similar action before long.

In conclusion, let me say that there is no valid argument for withholding Canadian accession to the Austrian State Treaty, which is the foundation for Austria's existence as a state, which we have recognized and with which we have established normal diplomatic relations. I believe, therefore, that it would be useful and appropriate if Canada were to accede to this treaty.

Hon. Mr. Brunt: Would the honourable senator permit one question? Has Austria been admitted to the United Nations Organization? I notice that point is covered in the second last paragraph of the preamble, and I wondered if it had been carried out.

Hon. Mr. Thorvaldson: Yes, Austria is a member of the United Nations Organization.

Hon. Norman P. Lambert: Honourable senators, it is with a feeling of great privilege and honour that I rise to associate myself with the resolution for the approval of the treaty which has been explained in such detail and in such an understandable way by my honourable friend the senator from Winnipeg South (Hon. Mr. Thorvaldson). It is a particular privilege also to speak in connection with this treaty because of the presence here today of so distinguished a group of visitors from Austria, whose fortunes in recent years we have followed with deep sympathy and understanding.

I think it very much worth while to emphasize the title of this treaty, namely:

> State Treaty for the re-establishment of an independent and democratic Austria.

It is not a Peace Treaty, in the formal sense of that word, because Austria before and during the war was an enveloped part of Germany, as were Roumania, Bulgaria and Czechoslovakia, and no formal peace treaty has yet been made to end the war with Germany.

However, Hitler's Germany came to a violent and undiplomatic end by force of arms, and East and West Germany have taken the place of the old Reich.

Gradually, as the result of such recognition as is represented in this treaty which is before us today, invaded and captive nations are being re-established as independent countries with democratic systems of Government.

In Paris, in February 1947, treaties with Italy, Roumania, Hungary and Finland were

approved by the Allied Powers, and in 1952 a similar treaty was made with Japan, thus ending the hostilities with that country. In the case of all these treaties approval has been recorded by the Parliament of Canada, and ratification given by the Governor General in Council.

I think it is important to emphasize the procedure involved in the ratification of treaties. As most of us know, I am sure, ratification of international treaties is still the prerogative of the Crown, and ratification is not complete until the Governor General in Council takes the necessary action to sign the treaties, to which is attached the Great Seal. The document is then deposited in the agreed place, which, in this particular case, will be Moscow, Russia. So far as Canada is concerned, this particular treaty will be deposited there. It is interesting to note that the procedure of ratification was introduced into the Parliament of Canada following the end of the First Great War. Sir Robert Borden, as head of the Government at that time, presented the Treaty of Versailles for approval to both houses of Parliament, and it was later ratified in the way I have indicated.

The significance of this procedure in which we are sharing today, it seems to me, is that we, as a Parliament, are in the process of approving this treaty on behalf of the people of this country—and the same action, we hope and expect, will be taken in a few days by the other house—and in doing so we are conveying to the people of Austria the good will and the feeling for peace of the people of Canada, regardless of the so-called formal sealing of the documents, or the parchments, that are involved in ratification.

I think it is only fair to say that this document was ratified by the United Kingdom, France, Russia and the United States in 1955, and was acceded to by some smaller nations in the same year, and also in 1956. Delay in Canada's accession since that time has been due mainly to diplomatic considerations in relation to certain smaller nations in Europe which have been involved in claims against the former Central European alliance. Otherwise what is being done here now would have been done four years ago. The action which is now being taken by this house in reality, as I have said, conveys to the people of Austria the recognition and good will of the people of Canada as between two peoples of independent status and dedicated to the cause of free and democratic Government.

The people of Canada were never at war in reality with the people of Austria. From the tragic days of Chancellor Dollfuss and through the years of Austria's enforced captivity the hopes and aspirations of Canadians have reached forward to the day of that country's emancipation.

Just after the formation of the United Nations, in 1945, the minister in charge of the delegation which visited San Francisco at the time of the formulation of the United Nations' Charter returned to us here and came before the Standing Committee on External Affairs of this house to explain what had happened in San Francisco. I remember very well his observation which was expressed at that time. He was then the Minister of Justice, the Honourable Louis St. Laurent, and what he said was recorded in the Senate *Hansard* later in the day when the report of that committee was made.

The Minister of Justice in his address before the committee that morning expressed the feeling that the charter was based on the conscience of mankind. He said it represented the aspiration of the common people of the world, and that if those who represent them at great international conferences today and in the future are always mindful of that fact we may well have hope for the days ahead.

I think it is very important that that thought, as he expressed it at that time, be emphasized now, because we have great happiness in knowing that Austria today is represented in the United Nations along with this country and the other countries which go to make up the membership of that great organization.

It is with this note of good will and best wishes from the people of Canada to the people of Austria that I should like to conclude these remarks. I hope for them that their course in the years ahead will lead to broader lands and brighter days.

(Translation):

Hon. J. A. Bradette: Honourable senators, at this time I would like to greet the distinguished delegation which we have the honour of welcoming to this chamber and to say a few words on the treaty which we are called upon to approve.

If I rise on this subject, it is because I have, on various occasions, had the pleasure and good fortune to visit that beautiful country, Austria.

To each and every member of the delegation I wish a happy stay in Canada. You will feel at home among us, because we have appreciated the magnificent efforts you have made in the past and are still making today, in order to safeguard the principles of liberty and Christianity.

Honourable senators, Austria, as you know, is a landlocked country located at the very centre of Europe. This state comprises very

different and unevenly distributed kinds of terrain; more than two thirds of its territory are mountainous areas, overshadowed by the Alps, while the rest includes large stretches of plains. The people, as you know, are of German origin.

Austria is renowned for the artists it has produced as well as for arts in every form. It gave birth to such great musicians as Haydn, Mozart, Albrechtsberger, Czerny and Schubert, to name only a few. Its pleasant and varied climate attracts many tourists.

Austrian women are recognized as being among the most beautiful in the world. I say so because I found, during my trips, that it was true. They are gay, vivacious and full of *joie de vivre*, while Austrian men are known for their sterling qualities.

And I would like to pay a special tribute to Austria for what she did during the Hungarian insurrection, when she so generously welcomed the refugees seeking asylum. You accomplished heroic deeds at that time and won the admiration of the whole civilized world.

The preamble to the treaty provides as follows:

> Whereas the Allied and Associated Powers, and Austria, taking into account the importance of the efforts which the Austrian people themselves have made and will have to continue to make for the restoration and democratic reconstruction of their country, desire to conclude a treaty re-establishing Austria as a free, independent and democratic State, thus contributing to the restoration of peace in Europe;

And we understand all the efforts you have made to contribute to the restoration of peace in Europe. You have succeeded and will continue to succeed, because you are now independent. Like many other nations, you will see a new dawn rising beyond the horizon.

Another paragraph of the preamble reads:

> Whereas the Allied and Associated Powers desire by means of the present Treaty to settle in accordance with the principles of justice all questions which are still outstanding in connection with the events referred to above, including the annexation of Austria by Hilterite Germany and participation of Austria in the war as an integral part of Germany; and

There again, you did marvellous deeds and we know that you will continue along the same lines, to save democracy, liberty and Christianity. You have every reason to be proud of your nation.

Another paragraph goes on:

> Whereas the Allied and Associated Powers and Austria are desirous for these purposes of concluding the present Treaty to serve as the basis of friendly relations between them, thereby enabling the Allied and Associated Powers to support Austria's application for admission to the United Nations Organization . . .

As I said a moment ago, my dear friends, I know you will feel at home among us. Ours is a very large country, but our population is small. We have taken part in two world wars, not to enlarge our territory, but solely to fight for democracy, liberty and Christianity. I hope your stay in our country will be most happy and I know that everywhere in Canada you will find true friends.

I would like to wish you and your beautiful country happiness and prosperity.

(Text):

Hon. W. Ross Macdonald: Honourable senators, I would like to join with previous speakers in extending a welcome to the distinguished citizens from Austria who are with us today. It is indeed an honour for us to have them in our chamber on this occasion when we are discussing the Austrian Treaty. I trust they will enjoy their visit in Canada and that they will take home with them a good report of our Parliament, our people and our country.

This motion that it is expedient that the Houses of Parliament do approve the State Treaty for the re-establishment of an independent and democratic Austria marks an important occasion. The two key words in the treaty, as others have said, are "independent" and "democratic". These words reflect the aspirations of humanity and are the very essence of the objectives for which free peoples have been striving throughout the whole period of our lives. By the Moscow Declaration of November 1, 1943, to which the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) referred, the United Kingdom, the United States and the Soviet Union agreed that Austria, as Hitler's first victim, should be liberated from German domination, and they announced in clear terms that they were anxious to see the re-establishment of a free and independent Austria. They were later joined by the Free French authorities at Algiers. And it is, it seems to me of significant importance, in contradistinction to the Treaty of Versailles, that the Potsdam Conference of 1945 agreed to the exceedingly important principle that reparations should not be exacted from Austria, and as honourable senators will have noticed, this principle is set forth in article 21 of the treaty.

Honourable senators may have observed that the treaty which we have before us is referred to, as the honourable senator from Ottawa (Hon. Mr. Lambert) just mentioned, as a State Treaty, rather than as a Peace Treaty, and it is a matter of interest that no Peace Treaty is required between Austria

and the four occupying powers. Diplomatic negotiations to bring about the State Treaty —I am again referring to the remarks of the honourable senator from Winnipeg South —extended over a long period of time. They commenced in 1946, running down to the actual signing of the Treaty at Vienna on May 15, 1955. Up to the spring of 1951 negotiators had held 258 meetings, and even then they were still far from reaching a conclusion to their efforts. Unquestionably, the principal difficulty has been the recalcitrance of the Soviet Union, which successfully prevented the treaty from being signed, in spite of substantial concessions made by the Western Allies, which are to be found embodied in article after article in the document itself. In spite, however, of all the trials and tribulations attendant upon the negotiations, a State Treaty has been signed and is now before us.

This indeed is a day of rejoicing. I know honourable senators will join with me in welcoming this document as yet another milestone along the long, difficult road to peace and international co-operation. Over the years, Austria's great contribution to the world, as the honourable senator from Cochrane (Hon. Mr. Bradette) just said, has been cultural, and has been, and will no doubt continue to be, based on the spirit, the intellect and the preservation of valuable and unique traditions. Like ourselves, Austria is anxious only to maintain a strong and healthy economy and to set an example of good world citizenship. Her leaders have felt since the war that her best hope for the future will be as part of some effective international order. The concept of the United Nations, as was stated here this afternoon, has received her great support. Austrians are one with Canadians in their view that the role of the individual is of paramount importance and that the object of a free society is to preserve the rights of the individual, so that the individual may make the most effective contribution to the welfare of his or her fellow citizens.

The honourable senator from Cochrane said that Austria has bestowed much on world culture. Austrians are friendly and courteous folk. One has only to recall the tremendous offerings to the arts, particularly in the field of music, made by Austria. Mozart, Schubert and Strauss have done much to inject beauty and gaiety into a sometimes sombre world.

On this occasion we welcome the opportunity to extend our good wishes to the citizens of Austria, who, like ourselves, are attempting to make a real contribution as a middle power to the solution of the difficulties which continue to confront the world.

In welcoming Austria to the new world order which we hope is surely, even if slowly, taking form, I do not think I can do better than end my remarks by reading a portion of a speech which was delivered by our great wartime Prime Minister, the Right Honourable W. L. Mackenzie King, at the Mansion House, in London, England, on September 4, 1941, when he said:

> Much is being said about a new world order to take the place of the old world order when the war is at an end. If that new order is not already on its way before the war is over, we may look for it in vain. A new world order cannot be worked out at some given moment and reduced to writing at a conference table. It is not a matter of parchments and of seals. That was one of the mistaken beliefs at the end of the last war.
>
> A new world order, to be worthy of the name, is something that is born, not made. It is something that lives and breathes; something that needs to be developed in the minds and hearts of men; something that touches the human soul. It expresses itself in good will and in mutual aid. It is the application, in all human relations, of the principle of helpfulness and service. It is based, not on fear, greed and hate, but on mutual trust and the noblest qualities of the human heart and mind. It seeks neither to divide nor to destroy. Its aim is brotherhood, its method co-operation.

Hon. Arthur W. Roebuck: Honourable senators, it was not intended that I should speak on this motion this afternoon, and yet, just off-hand, I would like to join in the very fine statements that have been made with regard to Austria, and the expressions of friendship which I have heard from my fellow members, as between the people of Canada and the people of Austria. I have admired Austrians in the past, as have other senators. I have read the life of Queen Maria Theresa, who reigned when Austria was in her prime and took a most important part in the public affairs of the continent of Europe. I know the wonders of Vienna, its contribution to culture, its music and its art, its gaiety, as the Leader of the Opposition (Hon. Mr. Macdonald) mentioned, and so on. However, honourable senators, I am wondering, exactly what we are doing in this house in approving the treaty which was hammered out at great length between the Soviet Union and Austrian powers. I would like to know from the sponsor of this resolution whether if we pass it we are approving the robbery of Austria by the Soviet Union, as I read it in this treaty. Article 22 has just been called to my attention by the honourable senator from Ottawa (Hon. Mr. Lambert), who spoke so wonderfully and nicely about Austria and its freedom, and Canada's friendship, and that sort of thing. He has passed over to me the White Paper produced by our Department

of External Affairs, in which I find article 22 of this treaty set out, commencing as follows:

The Soviet Union, the United Kingdom, the United States of America and France have the right to dispose of all German assets in Austria in accordance with the Protocol of the Berlin Conference of 2nd August, 1945.

That is to say, the property in Austria that had previously belonged to Germany became disposable, it seems, by the Soviet Union, the United Kingdom and the United States of America. And following that, shall I say, pious declaration of the robbers, I find this statement:

1. The Soviet Union shall receive for a period of validity of thirty years concessions to oil fields equivalent to 60 per cent. of the extraction of oil in Austria for 1947, as well as property rights to all buildings, constructions, equipment, and other property belonging to these oil fields, in accordance with list No. 1 and map No. 1 annexed to the treaty.

So the Soviet Union is to carry off 60 per cent of the oil production of Austria in 1947.

Paragraph 2 of article 22 reads:

2. The Soviet Union shall receive concessions to 60 per cent. of all exploration areas located in Eastern Austria that are German assets to which the Soviet Union is entitled in conformity with the Potsdam Agreement and which are in its possession at the present time, in accordance with list No. 2 and map No. 2 annexed to the treaty.

The Soviet Union shall have the right to carry out explorations on the exploration areas mentioned in the present paragraph for eight years and to subsequent extraction of oil for a period of twenty-five years beginning from the moment of the discovery of oil.

That is to say, if they discover oil in the next eight years then they have the right to exploit it for the next 25 years.

And here are paragraphs 3 and 4 of article 22. Listen to this:

3. The Soviet Union shall receive oil refineries having a total annual production capacity of 420,000 tons of crude oil, in accordance with list No. 3.

4. The Soviet Union shall receive those undertakings concerned in the distribution of oil products which are at its disposal, in accordance with list No. 4.

What I would like to know now, ladies and gentlemen, is this—and it is no reflection, I assure you, on the friendly feeling that exists in this house toward the people of Austria, nor is there any significance in my statement with regard to my desire and hope for continuing friendly relationships and a development of trade as between our country and Austria. I am not referring to that at all. I would like to know, however, from the sponsor of this bill (Hon. Mr. Thorvaldson) whether in approving this treaty we approve that robbery of Austria by the Soviet Union because, if we are, I am voting against any such approval.

I would like it clearly understood that any approval which I give to this treaty is one of friendship and not of robbery, one of hope and admiration and not of exploitation.

Hon. Mr. Reid: May I ask the honourable senator if Austria has approved this treaty?

Hon. Mr. Roebuck: The Austrian people, of course, would agree to that—anybody will pay for his freedom. A man who is drowning will give his last copper in order to be pulled out of the water and have his life saved; and the Austrian people, I have no doubt, would agree to the treaty rather than endure the occupation of the Allied forces, particularly those of Russia, as they did up to the time of the signing of this treaty.

I would like to know from the sponsor, if I may, whether by ratifying the treaty we express in any way approval of that pilfering from Austria by the Soviet Union.

Hon. Mr. Thorvaldson: I suggest that I will answer that when I close the debate.

Hon. Mr. Roebuck: Very well.

Hon. William M. Wall: Honourable senators, my comments in support of this motion are prompted by our mutual feelings of respect and recognition for the gallant people who have suffered much and who have laboured diligently and with courage to fulfil practically an injunction in the treaty, pleading for the establishment of an independent and democratic Austria.

The honourable senator from Ottawa (Hon. Mr. Lambert) and the honourable Leader of the Opposition (Hon. Mr. Macdonald) have pointed out that this is not a Peace Treaty *per se*, but a State Treaty.

Perhaps our minds should go today to the post-war II era, to the 1945 Potsdam Agreement, which I believe formally recognizes Austria as the first victim of Nazism, hence not an enemy country but rather as a country to be liberated; and it was at the Potsdam Conference that Austria was promised independence and speedy freeing from occupation by foreign troops—but Article 4, paragraph 9, also provides for the transfer of German assets in the eastern zone to the Soviet Union, a feature we see vestiges of in this treaty and to which the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) has just referred.

There is in the treaty, however, an Annex II, on page 56, which in a sense cancels out the provisions of article 23 dealing with the claims of the Allies, and especially of the U.S.S.R., to the German assets to which reference has just been made and to which an answer will be given.

I feel we should think of the nine years, the nine weary and frustrating years of occupation of this friendly nation while deliberations and discussions went on regarding the drafting of a treaty. The honourable Leader of the Opposition has referred to 258 meetings to 1951. It is significant to remember these fruitless hours spent in discussing *ad nauseum* the substance of possible treaties—academic discussions—over a long time, because one of the occupying powers was dragging its feet, for purposes of its own; and I believe that, despite its 1946 assurances of co-operation the U.S.S.R. did not normalize its diplomatic relationships with Austria until 1953.

About these fruitless and frustrating hours the Prime Minister of the United Kingdom, in a speech in the House of Commons on April 19, 1955, had this to say:

> For many years we and our Allies have wanted to conclude a treaty with Austria which would restore her full freedom and independence. The house will recall that we offered at Berlin—

And I digress now, to say this was about 18 months before this time.

> —to sign the text with all the Soviet amendments. We earnestly hope that a treaty can now at last be concluded.

If I remember correctly, rightly or wrongly, the U.S.S.R. had regarded the treaty with Austria as bound up with other questions in Central Europe, especially the question of a possible German settlement.

It was some time around April 15, 1955, after a visit by an Austrian delegation—which I believe was by invitation—that the U.S.S.R. indicated its willingness to negotiate a treaty. This welcome announcement came in a joint U.S.S.R.-Austrian communique. Then followed the meetings in Vienna for the signing of the treaty we are at present considering.

We might remind ourselves of the interesting significance of the fact that the treaty was signed at all. Then it was hailed as an example of how agreements might be reached in delimited and perhaps more difficult problem areas. The treaty was regarded as a hopeful sign of better things to come in the future settling of controversial issues.

Certainly the treaty represented a fulfilment of very sincere wishes of free peoples: that the people of Austria should enjoy the national liberty which would enable them to guide their own affairs with a guaranteed maintenance of democratic rights, freedoms and institutions, to which they freely and willingly subscribed, and which they had courageously protected and passionately cultivated in very trying and difficult circumstances. In fact, one must remember with great respect the fortitude, the courage, the common sense and the integrity of the Austrian people in handling their post-war difficulties and frustrations, prior to 1955. I would refer honourable senators to a fascinating story written by Dr. Karl Gruber entitled *Between Liberation and Liberty*.

Knowing as we do something of these distressing problem areas, these words in the treaty take on very special meaning for us. I quote:

> Whereas the Allied and Associated Powers—

And we shall become one of them.

> —and Austria, taking into account the importance of the efforts which the Austrian people themselves have made and will have to continue to make for the restoration and democratic reconstruction of their country—

I would like to quote a tribute to the Austrian people during these difficult times, as voiced by a Mr. H. A. Marquand, a member of the British House of Commons:

> The Austrians have shown an equal political skill during this period. The way in which the coalition Governments have been sustained during these years of emergency; the forebearance, patience and courage with which they have confronted extraordinary difficulties, and, from time to time, grave human insults in one part of their country, deserve our praise.

Actually, long before treaty established the state so that it could be democratic, the political parties and people had demonstrated their belief and their willing choice of democracy as a way of national life. We must not overlook the significant contribution at this time of a free press, which assured the Austrian people the certain important and indispensable contact with the outside world.

How interesting it is that, so near to the frontier of the undemocratic part of Europe, so small a nation so successfully survived pressures made upon it. By acceding to this treaty we pay a sincere tribute to the Austrian people for this safeguarding of the torch of democracy far inside Central Europe.

The Austrian people have reason to be proud of their magnificient self-efforts in these difficult early years of the reconstruction of their national economy, although they have reason, too, to remember the support which they received from the Western Allies during these same difficult post-war years. This record of mutual co-operation is epitomized by paragraph 11 of article 22, where the three Western Allies exact no reparation obligation, and pass over to Austria free from any charges or claims:

> . . . all property, rights and interests held or claimed by or on behalf of any of them in Austria as former German assets or war booty.

In this connection, although one appreciates the cancellation intent of Annex II to which I have referred, one wonders, and I too

wonder, why this treaty contains those reparation paragraphs in article 22. I refer to paragraphs 1 to 13, exclusive of paragraph 12, and to the lists. One wonders whether these reparations are now being paid, despite the intent of the annex.

How large are these reparations? I understand that a very large part of Austria's dollar exporting capacity is at present allocated to meet these obligations to the Soviet Union. I am given to understand that they are paying $25 million per year for six years, and one million tons of oil per year for 10 years.

Perhaps this bill will go to committee. If it does, we may be given a further explanation not only of the obligations that we are undertaking, but what is happening *vis-à-vis* this treaty and this particular section.

Honourable senators, there are at the same time in this treaty sovereignty-limiting provisions. I am wondering how they are working out, because by this treaty Austria is debarred from having the right to make political or economic agreements which may involve some kind of federation, or anything of that kind, with some other country.

An interesting problem is raised by article 9, which says that Austria shall dissolve any organization carrying on activities, hostile to any member of the United Nations. How do we interpret this particular paragraph? If it is to be interpreted literally, the commitments under it are very interesting.

In closing, honourable senators, whatever the limitations or difficulties involved in this treaty, it will, I believe, help to confirm, strengthen and extend further free relations between our respective countries. This afternoon's visit by our distinguished Austrian guests symbolizes this co-operative normalization. Austria's proximity to the so-called Iron Curtain makes her capital, Vienna, the centre for transit trade between western and eastern Europe. As a matter of fact, Vienna has become a kind of shop window for both parts of Europe, a fact which is very evident in the famous Vienna trade fairs. It is also a shop window in the ideological and political sense, and we wish the Austrian people well in strengthening all aspects of their national, democratic social order so that they may bear proudly aloft the ideals and practices which we all regard as essential to the maintenance and strengthening of man's inalienable freedoms and privileges upon which we predicate the safeguarding of the individual human dignity of all humble citizens, to whatever country they may owe their allegiance.

Hon. Thomas Reid: I wonder if I may ask the honourable senator a question, which came to my mind while I was listening to the two previous speakers. Just what has Russia taken from Austria? Did the Allies get nothing at all? If it had not been for Britain, Russia would not have got anything at all. You have the treaty before you, I presume?

Hon. Mr. Wall: Yes, I have the treaty before me, honourable senators, and the treaty *per se* has two sections dealing with the disposition of the German assets and also dealing with reparations. I do not know whether any tolls were exacted by the Allies previous to the signing of the treaty, but article 21 states flatly:

> No reparation shall be exacted from Austria arising out of the existence of a state of war in Europe after 1st September, 1939.

But, I would think that during the time of occupation Austria probably paid very heavily.

Hon. Mr. Brunt: Article 21 is subject to article 22, is it not?

Hon. Mr. Wall: I was going to come to article 22. Article 22 discusses the disposal of former German assets in Austria. The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) referred to them at length, and there are many of them. I refer to those, too, together with paragraph 11, which is unique, because in paragraph 11 the three Western Allies say that they do not want to lay any claim upon any of the German assets in their zones of occupation. Then follow the lists of property on pages 22 to 36; but there is Annex II which, in effect, cancels out a lot of the provisions of article 22, as I understand it, except that there was a part of the arrangement—this is something that is not clear to me, but I do know from information that is available to us in the press and otherwise that Austria is apparently paying out $150 million in six payments, and also that Austria is to deliver to the U.S.S.R. one million tons of oil per year for ten years, beginning on a date I do not know and ending on a date I do not know, but which dates we may get in committee. I hope that is helpful.

Hon. Mr. Thorvaldson: Honourable senators,—

The Hon. the Speaker: If the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) makes a speech now it will have the effect of closing the debate.

Hon. Mr. Thorvaldson: Unless honourable senators desire this resolution to go to committee, I would move that this house do now approve of it.

Hon. John T. Haig: Honourable senators, I will take only a minute or two. I am glad to see so many people from Austria present.

Perhaps I am a dissenting voice, but I do not believe that we should raise any question in regard to the treaty.

We are going to face difficulties in the years to come. In the next ten, fifteen or twenty years, maybe, we are going to try to make treaties with Russia, and we are going to have to make treaties with Russia much on Russia's terms. As much as we dislike that, we are probably going to have to do it, and I think we ought to face that.

The Austrian people probably understood the situation better than we possibly can, and I am really sorry that any question should be raised in regard to the treaty itself by us. We were not there. We did not represent anybody. Undoubtedly the Americans and the British and French got the very best deal they could for the Austrians. I have no doubt about that. I have not the slightest doubt that this is the best treaty they could negotiate in order to achieve peace, obtain a separate treaty, and get the country back on its feet.

I can imagine that my friend the junior senator from Winnipeg (Hon. Mr. Wall), in regard to the country he looks upon as his fatherland, would like to get peace with Russia now. I do not know how far it might go in getting terms, but I think it is a mistake to raise a question about something which, in the first place, we did not have anything to do with, and, secondly, if we had had anything to do with it we are not sure we could have made a better deal. That is the point I want to make.

Many honourable senators have been occupied at some time in their lives in trying to settle a matter between two persons, and we all know how difficult it is. Sometimes it seems that both of them have lost their sense of reason, but then a suggestion is made and the air is cleared. I have no doubt that the Austrian people know better than we do what kind of a treaty they made. They know better than us the difficulties of that treaty, yet they made it because they wanted their homeland and were prepared to pay a price to hold it. Therefore I think it is a mistake for us to question it. I do not like to see this done, because it is stirring up something which we cannot remedy. We can do nothing about it, and we are only making the matter more difficult for our Austrian guests of this afternoon and the people back home whom they represent.

I think they made a good deal. If I had been an Austrian living in that country with my wife and children I would have been all for that deal. I would have been for any deal that got the Russians out of my country, as would all honourable senators.

Hon. Mr. Euler: May I ask one question? Did Canada declare war on Austria?

Hon. Mr. Thorvaldson: No.

Hon. Mr. Euler: Then how can we make a Peace Treaty with that country?

Hon. Mr. Thorvaldson: This is not a Peace Treaty. That is why it is called a State Treaty.

Hon. Mr. Euler: It is as a result of the war.

Hon. Mr. Macdonald: We do not ratify it. We merely accede to it.

Hon. Mr. Thorvaldson: Technically we were never at war with Austria, because of the fact of Austria's having been, as we say, gobbled up by Germany in the anschluss of 1938.

Hon. Mr. Euler: Were we consulted in any way in regard to the making of these arrangements?

Hon. Mr. Thorvaldson: No.

Hon. Mr. Euler: And we were never at war with Austria?

Hon. Mr. Thorvaldson: No.

Honourable senators, I wish to say just a few words in closing this debate. In doing so, I want to express my deep satisfaction of the remarks that have been made by honourable senators in regard to Canada's accession to this treaty, and to express again our pleasure at having had these distinguished gentlemen from Austria as our guests here today.

There is only one matter I wish to deal with for the moment, and that is the following question asked by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck):

> If we pass this resolution are we approving the robbery of Austria by the Soviet Union?

Under the circumstances, I wonder whether that is a proper question to ask. Indeed, is it not merely dialectics to ask whether we approve or disapprove, condone or not condone transactions that have already taken place? Why, of course, Canada does not approve of these things. I do not suppose that technically Canada is in a position to either approve or disapprove, for we were not a party to this treaty which was entered into by five countries, the Soviet Union, the United Kingdom, the United States, France and Austria. I think it can be said that the honourable senator from Toronto-Trinity replied to his own question when he suggested that it is obvious the Austrians paid for their freedom.

After all, is that not the answer: they paid for their freedom? As a matter of fact, that

is one of the reasons I read to the house in my original statement paragraph 8 of the treaty, which is a most important paragraph indicating as it does that Austria becomes by this treaty a free and democratic nation among the other democratic nations of the world. As I said before, I hardly believe the honourable senator expected that his question would be answered in any other manner than he has done himself.

Honourable senators, may I close by urging that this chamber unanimously support the resolution.

Resolution adopted.

BUSINESS OF THE SENATE

On the motion to adjourn during pleasure.

Hon. Mr. Aseltine: Honourable senators, the purpose for the Senate meeting this afternoon has now been concluded and I should like to move that the Senate do now adjourn during pleasure, to resume at the call of the bell at approximately 8 o'clock this evening.

Hon. Mr. Macdonald: May I ask the honourable Leader of the Government (Hon. Mr. Aseltine) what business he expects the house will proceed with this evening?

Hon. Mr. Aseltine: In reply to my honourable friend I may say that motion No. 2, for approval of the convention concerning the abolition of forced labour, will not be proceeded with. The honourable senator who is going to deal with that resolution will not be in the house this evening. Item No. 1 on the Order Paper, the second reading of Bill C-44, to amend the Customs Tariff and The New Zealand Trade Agreement Act, 1932, will not be proceeded with until tomorrow. The honourable senator from Ottawa East (Hon. Mr. Choquette) will be explaining that bill. I understand that the honourable senator from New Westminster (Hon. Mr. Reid) will not be ready to proceed with item No. 2, the adjourned debate on the second reading of Bill C-46, to amend the Old Age Security Act. However, I am ready to proceed with the explanations on second reading of Bill S-20, to amend the Length and Mass Units Act, and on Bill S-21, to amend the Weights and Measures Act.

Hon. Mr. Macdonald: Thank you.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

LENGTH AND MASS UNITS BILL

SECOND READING

Hon. W. M. Aseltine moved the second reading of Bill S-20, to amend the Length and Mass Units Act.

He said: Honourable senators, I have found the subject-matter of this bill, and of Bill S-21, which also is on the Order Paper for second reading, somewhat technical, more or less confusing but nevertheless interesting. I hope I shall be able to explain them to your satisfaction, but if not, either or both bills can, of course, be referred to the appropriate committee, where the experts can go into matters involved very fully.

Previous to 1951 the reference standards for the Canadian yard and the Canadian pound were physical copies of the Imperial yard and the Imperial pound. In 1951 a number of circumstances made necessary the revision of the Weights and Measures Act under which the Standards Division of the Department of Trade and Commerce operated to supervise legal metrology in Canada. In undertaking this revision it was decided to have two acts: one, the Units of Length and Mass Act, to define the primary standards of length and mass; and the other, the Weights and Measures Act, to formulate all regulations necessary for legal metrology in these two fields. In preparing the former it was further decided to recognize modern developments in metrology which had led experts to the opinion, in all countries using the yard and the pound, that these units should not be based on physical prototypes, but should be related by ratios to the basic standards of the metric system, that is, the international metre and the international kilogramme. The reason for this opinion was the demonstrated stability and precision of the metric units over a period of approximately 70 years. The United States yard and pound were already tied to the metric system by the Mendenhall Executive Order of 1898, which defined their ratios with respect to the international metre and the international kilogramme. At that time, for conversion tables the same ratios related the physical Imperial yard and the physical Imperial pound to the metric system, but the United Kingdom retained these physical prototypes as its legal units of length and mass. In the succeeding 50 years it was found that the physical prototype of the Imperial yard and the Imperial pound changed slightly in physical size. It was necessary, therefore, in writing the Canadian act of 1951 to choose for the Canadian units an appropriate compromise between the several values of the pound and the yard that then existed in the United Kingdom, the United States and Canada.

The choice for the yard was relatively easy, since metrologists in the three countries were generally agreed that the value for the ratio of any of the yards to the international metre

ought to be that ratio which was approximately midway between the American ratio and the current ratio between the Imperial and metric prototypes, and which also made the inch exactly 2.54 centimetres.

It was not clear, in 1951, just what would be the final decision for resolving the slight difference between the Imperial pound and the American pound. It was therefore decided that the ratio for the Canadian pound should stand as the original relationship between the pound and the kilogramme which obtained in 1898 and which was still the legal conversion ratio in Canada, but with the understanding that when agreement was reached between the United States and the United Kingdom on a common pound the Canadian legislation for the pound would be revised to bring it in line with the new value. The Canadian legislation of 1951 attracted considerable favourable comment in other countries and greatly contributed to bringing about the present agreement on common units for the yard and the pound in English-speaking countries.

During the last eight years, although the discrepancies between the units of the United Kingdom, the United States and Canada were extremely small they were becoming, in the case of the yard, an increasing source of trouble and confusion to manufacturers and others concerned with measurements of the very highest precision. To rectify this situation there have been consultations between the directors of national physical laboratories of the Commonwealth countries and the United States over this period, and agreement has now been reached on common values.

I might say at this point that the directors of the following standards laboratories, namely, Applied Physics Division, National Research Council, Ottawa, Canada; Dominion Physical Laboratory, Lower Hutt, New Zealand; National Bureau of Standards, Washington, United States; National Physical Laboratory, Teddington, United Kingdom; National Physical Research Laboratory, Pretoria, South Africa, and National Standards Laboratory, Sydney, Australia, have discussed the existing differences between the values assigned to the yard and to the pound in different countries. To secure identical values for each of these units in precise measurements for science and technology it has been agreed to adopt an international yard and an international pound having the following definitions:

The international yard equals 0.9144 metre, that is, 9144 ten-thousandths of a metre.

The international pound equals 0.45359237 kilogramme, which is that figure over one hundred million.

Hon. Mr. Brunt: It sounds like the national debt.

Hon. Mr. Hugessen: That is inflation.

Hon. Mr. Aseltine: The other countries will adopt the same value for their yards as that established by the Canadian Length and Mass Act of 1951 for the Canadian yard, and all have reached an agreement on a common ratio to relate the pound to the kilogramme. This ratio is half way between the ratio which had been the legally accepted one in the United States since 1898 and in Canada since 1951 and the current ratio which exists today between the physical Imperial pound and the international kilogramme.

The change involved is undetectable in all but measurements of very high precision in science, but the revision of the 1951 act is required, as was foreseen in 1951, to bring the basis of Canadian legal metrology completely up to date.

Perhaps honourable senators would not object if I read an article which appeared in the *Newsweek* magazine of May 4, headed "The Inch that Isn't". It reads:

Ever since the fourteenth century, when King Edward II of England officially proclaimed the inch as equal to "three barley corns, dry round, and laid end-to-end," the English-speaking peoples have been arguing about its exact length. In time, the British decided it was 2.5399956 centimetres; Canada chose a middle-size inch of 2.54 centimetres; and the U.S. chose the biggest inch of all, 2.5400508 centimetres.

After the Industrial Revolution, when minute differences in the inch began to stir up international mischief in fine precision manufacturing, scientists and industrial engineers began to urge their governments to get together. Finally, in 1938, the National Bureau of Standards asked Congress for permission to work out a standard English-speaking inch—and caused an uproar. The reason: American mapmakers said it would throw their elaborate map systems several feet out of kilter.

So the inconstant inch remained, plaguing industrialists, generals, and perfectionists alike. During World War II, when England turned to the U.S. for gauge blocks, the tiny, polished-steel measuring standards used in making planes and guns, each had to be custom-made; and war supplies were sometimes delayed for months.

Last week, the National Bureau of Standards confirmed that it had decided to bypass Congress, and, with Britain, New Zealand, Australia, and South Africa, to accept the Canadian, or middle-size inch. Dr. A. V. Astin, chief of the bureau, had discovered that the inch didn't have any legal status anyway; and he decided to make the change on his own. As a concession to map-makers, he excluded their measurements from the agreement.

By the way, a centimetre is one-hundredth of a metre, which is one ten-millionth of the distance from the equator to the pole.

Honourable senators will see from what I have said that the Canadian metric value of the yard, as set out in the Length and Mass Units Act and the Weights and Measures Act, remains unchanged. But the Length and Mass

Units Act is being amended by this bill by repealing subsection (3) of section 2 of the act and substituting a new subsection (3) reading as follows:

(3) The standard unit of mass for Canada is the pound, which is forty-five million, three hundred and fifty-nine thousand, two hundred and thirty-seven one-hundred-millionths of the international kilogramme.

That, honourable senators, is a brief explanation of the bill. You will see that the English-speaking countries have agreed that the standard unit of mass in those countries is the pound, and the pound has the relationship which I have just mentioned to the international kilogramme.

I have a question submitted by an honourable senator who wants to know if the Canadian Football Union adopted this yard for the Grey Cup. He says: "If not, I am against it".

I suggest it would be advisable to hear departmental officials in connection with this bill, so that they may explain in more detail just how the figures are arrived at. I do not know that I can answer any questions.

Hon. Mr. Reid: I have one simple question to ask. I notice the explanatory note to the bill amending the Length and Mass Units Act says:

The purpose of this bill is to change the value of the pound to conform with a recent international agreement.

Then the exploratory note to Bill 21 says:

The purpose of this bill is to change the value of the pound to conform with a recent international agreement between Canada, New Zealand, the United Kingdom, South Africa, Australia and the United States of America.

My question is: Why does the note to one bill name the countries that made the agreement, when the note to the other bill simply speaks of an international agreement?

Hon. Mr. Aseltine: The value of the yard is set out in both of the present acts, and, as I have said, there is no change in this value. But the value of the pound as set out in the Weights and Measures Act is changed, and it is necessary to amend that act to give effect to the change. I do not know if that answers the question my honourable friend has in mind.

Hon. Mr. Reid: Your explanation is so clear I will accept it.

Hon. Mr. Macdonald: Honourable senators, we have had a very clear explanation of this bill. I must confess I had a little difficulty in following it at first, for I was always under the impression that a pound was made up of 20 shillings.

Hon. Mr. Aseltine: This bill has to do with weight.

Hon. Mr. Power: You are thinking of the wrong kind of pounds.

Hon. Mr. Macdonald: Probably that was my difficulty. The honourable Leader of the Government (Hon. Mr. Aseltine) has explained the English-speaking inch. I wonder if the honourable senator from Shawinigan (Hon. Mr. Méthot) could explain the French-speaking inch?

Hon. Mr. Méthot: I do not think I can answer that question off-hand.

Hon. Mr. Vaillancourt: Honourable senators, I congratulate the honourable Leader of the Government (Hon. Mr. Aseltine) upon his clear explanation of this bill. I understand it much better tonight than I did on Saturday night. At that time I discussed these problems with my son, who is a mathematician and a physicist. It seemed very clear to him but I found it most difficult to understand. I realize now why the act is being amended. At the present time the law is based on pounds and inches and the new legislation is based on the metric and kilogramme systems. It will give the electronics industry the advantage of being able to deal in more precise measurements, such as one-tenth of one-thousandth, and so on. May I tell the honourable Leader of the Government (Hon. Mr. Aseltine) that I will be sending a copy of his speech on this bill to my son.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Hon. Mr. Aseltine: Honourable senators, I move that the bill be referred to the Standing Committee on Banking and Commerce for further consideration.

Hon. Mr. Macdonald: Why to that committee?

Hon. Mr. Aseltine: I understand there is no other committee to which we can send general legislation.

Hon. Mr. Macdonald: I wonder what bankers would know about this bill.

Hon. Mr. Hugessen: It is a commercial bill.

On motion of Hon. Mr. Aseltine, bill referred to Standing Committee on Banking and Commerce.

WEIGHTS AND MEASURES BILL

SECOND READING

Hon. W. M. Aseltine moved the second reading of Bill S-21, to amend the Weights and Measures Act.

He said: Honourable senators, Bill S-21 is closely related to Bill S-20, which I have just attempted to explain. In view of the amendment to Bill S-20 it is quite necessary that the Weights and Measures Act be also amended so that the figures in both acts will agree one with the other. On that account I will give just a brief explanation of the amendments to the Weights and Measures Act.

Honourable senators will notice that the explanatory note to the bill says:

> The standard of mass for Canada is the pound. The purpose of this bill is to change the value of the pound to conform with a recent international agreement between Canada, New Zealand, the United Kingdom, South Africa, Australia and the United States of America.

It is not necessary to mention anything in this act with regard to the value of the yard or with respect to the metre, because the figures given in the act as it stands are correct.

The Weights and Measures Act, passed in 1951, replaced the former weights and measures legislation. One of the fundamental changes dealt with the primary standards of length and mass. With the enactment of the Length and Mass Units Act, while the standard unit of extension—that is, length—and the standard unit of weight remained the yard and the pound respectively, their values were henceforth to be determined in terms of the International Metre

$$\left(\frac{9{,}144}{10{,}000}\right)$$

and the International Kilogramme

$$\left(\frac{45{,}359{,}243}{100{,}000{,}000}\right)$$

The relationship of both has now been established by international agreement, which is to be implemented by legislation in the countries concerned: Canada, New Zealand, the United Kingdom, South Africa, Australia, and the United States of America.

The value for the yard established by the agreement is that incorporated at present in the Length and Mass Units Act. The value for the pound differs. The new relationship is

$$\left(\frac{45{,}359{,}237}{100{,}000{,}000}\right)$$

As the Weights and Measures Act incorporates the values in the Length and Mass Units Act, the amendment to the latter in the pound relationship must be carried forward to the Weights and Measures Act. Additionally, the Weights and Measures Act incorporates schedules for metric equivalents, and those relating to the pound require revision. Honourable senators will see the table of values on the back of page 2 of Bill S-21.

The physical reproductions of the yard and pound values, known as "Reference Standards", are calibrated and certified by the National Research Council. From these, "Local Standards" are calibrated and certified for the use of the Weights and Measures Laboratory and field inspection staff.

This amendement, like the amendment in Bill S-20, is a technical one. It does not affect the practical administration of the Weights and Measures Act in any respect whatsoever.

Honourable senators, that is all I have to say about the principle of this bill.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Hon. Mr. Aseltine: Honourable senators, I move, seconded by the honourable Senator Haig, that this bill be referred to the Standing Committee on Banking and Commerce for further consideration.

Hon. Mr. Macdonald: Honourable senators, I am not going to object to the bill going to the Standing Committee on Banking and Commerce, but it does seem to me that too many bills are sent to that committee. Indeed, when any bill is to be referred to a committee the Banking and Commerce Committee is usually mentioned. The present bill has nothing to do with finance and has no financial implications. I presume it was presented to the cabinet and that it reached us through the Minister of Trade and Commerce. It occurs to me that the bill might appropriately be referred to the Standing Committee on Canadian Trade Relations, and I would suggest that this be done. Last session that committee did not sit very often, if at all, and it has not sat so far this session.

Hon. Mr. Aseltine: Honourable senators, I have no preference one way or the other. I gathered from the look on honourable senators' faces that they wished both bills to be referred to some standing committee. I am willing to fall in line with what the Leader of the Opposition (Hon. Mr. Macdonald) has suggested and move that both of these bills be sent to the Canadian Trade Relations Committee.

Hon. Mr. Haig: Has the committee ever sat at all?

Hon. Mr. Higgins: Perhaps the bill could be referred to the Committee on Natural Resources. After all, Dominion Crown surveyors would be available for that committee, and I am sure they would come with their yardsticks and magnifying glasses to see what a three-yard gain at a football game means now.

Hon. Mr. Lambert: Honourable senators, with due deference to the suggestion that has been made, I feel strongly that this bill should go to the Standing Committee on Banking and Commerce, because that committee definitely deals with subjects of commerce.

The chairman of the Committee on Canadian Trade Relations is not here this evening. In any case, it is mainly concerned with subjects pertaining to trade relations. Meetings that have been held in the past have been on specially assigned subjects, not from this house, but as the result of voluntary effort to acquire information from visiting V.I.P's, and so on. With all due respect, I do not think that the personnel of the Committee on Canadian Trade Relations would be as competent to deal with this very complicated subject as would that of the Standing Committee on Banking and Commerce.

Hon. Mr. Haig: Honourable senators, I am a member of both committees, so the question does not affect me. However, this bill has to do largely with a legal matter, a technical matter, and it is important that we have the right definition in our act in order to line up with what has been done in other places. I must say that to me the chairman of either of the committees that have been mentioned would be entirely satisfactory on that score. The Chairman of the Committee on Banking and Commerce is particularly well qualified, and those of us who sit on that committee are helped by him to a very great extent in ironing out the difficulties that arise between the lawyers acting for petitioners and members of the committee. He is very very helpful indeed. On a bill such as this, where we are dealing with a subject that affects other nations, I am anxious that we have a chairman who can keep us on the track, because, as I said before, the bill deals with a technical matter. The honourable Leader of the Government (Hon. Mr. Aseltine) has got me so muddled up that I do not know whether we are dealing with the yard or the pound. As a matter of fact, when he was referring to the pound I thought all along that the bill had to do with money, but now I find out that it relates to the weight of iron and sugar and other commodities. I would like to see the chairman of the Banking and Commerce Committee preside over our consideration of this bill. He can keep us straight. Maybe I am a little selfish in this, but that is the way I would like it.

The Hon. the Speaker: Has the honourable Leader of the Government made up his mind?

Hon. Mr. Macdonald: Honourable senators, I am not going to embarrass the Leader of the Government. I must say that I have complete confidence in the ability of the Chairman of the Standing Committee on Canadian Trade Relations to handle this bill, but, I will withdraw my suggestion.

Hon. Mr. Aseltine: I have already moved that this bill be referred to the Standing Committee on Banking and Commerce.

Motion agreed to and bill referred to Standing Committee on Banking and Commerce.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of reports of the Standing Committee on Divorce Nos. 301 to 312, which were presented on Thursday, May 14.

Hon. Mr. Gershaw, for Hon. Mr. Roebuck, moved that the reports be adopted.

Motion agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, May 20, 1959

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

Prayers.

EXCISE TAX BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-47, to amend the Excise Tax Act.

Bill read first time.

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

Hon. W. M. Aseltine: Tuesday next.

EXPORT CREDITS INSURANCE BILL

FIRST READING

Hon. Mr. Aseltine presented Bill S-22, to amend the Export Credits Insurance Act.

Bill read first time.

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

Hon. Mr. Aseltine: Tuesday next.

DIVORCE

BILLS—FIRST READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill SD-275, an Act for the relief of Greta Libenstein Goldfeder.

Bill SD-276, an Act for the relief of Andre Maurice Petit.

Bill SD-277, an Act for the relief of Iris Marion Saunders Robbins.

Bill SD-278, an Act for the relief of Eleonora Dudarowa Shukoff.

Bill SD-279, an Act for the relief of Jeannette Belanger Ross.

Bill SD-280, an Act for the relief of Evelyn Isbitsky Goldenberg.

Bill SD-281, an Act for the relief of Salla Weisman Stopnicki, otherwise known as Sally Weisman Stopnicki.

Bill SD-282, an Act for the relief of Ovila Rivet.

Bill SD-283, an Act for the relief of Bella Valinsky Segal.

Bill SD-284, an Act for the relief of Alexander Pavlovich.

Bill SD-285, an Act for the relief of Catherine Anne Gillis Roper.

Bill SD-286, an Act for the relief of John Robertson Low.

Bill SD-287, an Act for the relief of Barbara Ann Foam Armstrong, otherwise known as Barbara Ann Foam Copan.

Bill SD-288, an Act for the relief of Ruth Mary Morgenstern Usher.

Bill SD-289, an Act for the relief of Eddie Ronald Joe Willard.

Bill SD-290, an Act for the relief of Michel Alphonse Dubois.

Bill SD-291, an Act for the relief of Jean Huard DeRoberval.

Bill SD-292, an Act for the relief of Phyllis Ann Applebaum Isenberg.

Bill SD-293, an Act for the relief of Zita May Pardoe McCall.

Bill SD-294, an Act for the relief of Monique Andree Seguin Tyson.

Bill SD-295, an Act for the relief of Bertha Sylvia Berman Maxwell.

Bill SD-296, an Act for the relief of Margery Fletcher Dennis Phillips.

Bill SD-297, an Act for the relief of Margaret Helen Dawson MacKenzie.

Bill SD-298, an Act for the relief of Eleanor Gwyneth Henley Norman.

Bill SD-299, an Act for the relief of Marie Pauline Primeau Landreville.

Bill SD-300, an Act for the relief of Ellen Wilk Tuke.

Bill SD-301, an Act for the relief of Rhoda Lillian Rabinovitch Katchan.

Bills read first time.

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

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

INDIAN AFFAIRS

CHANGE IN MEMBERSHIP OF JOINT COMMITTEE

Hon. Arthur L. Beaubien moved, with leave of the Senate:

That the name of the Honourable Senator Inman be substituted for that of the Honourable Senator Crerar on the list of senators appointed to serve on the Joint Committee of both Houses of Parliament on Indian Affairs; and

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

Motion agreed to.

TOURIST TRAFFIC COMMITTEE

INQUIRY

On the Orders of the Day:

Hon. F. Elsie Inman: Honourable senators, I rise to inquire of the honourable senator from Blaine Lake, (Hon. Mr. Horner) who is Chairman of the Standing Committee on

Tourist Traffic, whether he plans to hold a meeting of that important committee this session.

Hon. R. B. Horner: Honourable senators, if the honourable senator from Murray Harbour (Hon. Mrs. Inman) is charging me with a neglect of duty I will have to plead guilty to the charge. Frankly, though, I will have to do something to get that committee organized and functioning or possibly ask the honourable senator from Murray Harbour to replace me as chairman.

The tourist season is fast approaching, and if the Tourist Traffic Committee is going to perform some useful function this session it ought to be under way at the present time. I will endeavour to arrange a meeting of the committee so that we may have officials of the Canadian Government Travel Bureau appear to tell us about their activities this season. That department is spending considerable money in advertising and the committee could find out whether that money is being used to the best advantage. Honourable senators or persons invited to appear before that committee may have suggestions to offer on how to improve our tourist traffic industry. It is perhaps one of the most important industries in Canada at the present time and a source of important revenue to this country. I may say that in recent years we are losing out tremendously in comparison with the United States. What I mean is that the *per capita* expenditure by Canadian tourists travelling in the United States far exceeds the *per capita* expenditure by American tourists travelling in Canada. It is therefore apparent that any advertising should be intensively directed to the important United States market. Suggestions will be welcome from anyone who wishes to appear before the committee.

I promise the honourable senator from Murray Harbour that I will endeavour to have the committee meet at the first opportunity.

Hon. Mrs. Inman: Thank you. That is what I had in mind when I made the inquiry.

CUSTOMS TARIFF AND NEW ZEALAND TRADE AGREEMENT BILL

SECOND READING

Hon. Lionel Choquette moved the second reading of Bill C-44, to amend the Customs Tariff and The New Zealand Trade Agreement Act, 1932.

He said: Honourable senators, this bill provides for a large number of amendments to the Customs Tariff. The more numerous changes, and also the most important, relate to fruits and vegetables. However, the bill contains a substantial number of other amendments which will be of interest to honourable senators.

All of the proposed amendments may be grouped for the purpose of convenience under four general headings:

1. A clarification of the interpretation to be given to the word "machinery" throughout the tariff. As I will explain later, this is to avoid misunderstanding and ambiguity as to the meaning of definition of "machines" and "machinery".

2. Changes in the tariff items relating to fruits and vegetables which, broadly speaking, arise from the report on fruits and vegetables which was made by the Tariff Board to the Minister of Finance. These changes necessitated some minor consequential amendments to the New Zealand Trade Agreement Act, 1952.

3. Changes being made as a result of renegotiating the Most-Favoured-Nation rates on woollens and worsteds.

4. A group of miscellaneous tariff changes.

For the time being I shall pass over clause 1 of the bill, and proceed with clause 2 dealing with the proposed amendments as to "machinery" and "machines". Clause 2 provides that the word "machinery" be given the meaning of "machines" wherever it appears in the English version of the Customs Tariff.

There are two items in the tariff under which most imports of machines are classified. Item 427 covers machinery which has been ruled by the Customs authorities to be "of a class or kind made in Canada" and carries relatively high duties; and item 427a covers machinery which is ruled by the Customs to be "of a class or kind not made in Canada", and carries relatively low rates of duty. Both these items refer to "machinery". Consequently, it might be argued that a group of machines whose operation is linked together in one way or another should all be classified under one item or the other as "machinery". In this case, if one of the machines in the group was "of a class or kind not made in Canada", then the whole group would carry the lower rate of duty, notwithstanding the fact that the other machines in the group were ruled to be "of a class or kind made in Canada". The amendment is proposed in order to make it clear that each machine must be classified on the basis of its own particular "made in Canada" status.

I should like to give honourable senators a sample of how this provision could be used to the detriment of Canadian manufacturers. I will take as an example what is known as a radial drill which, for example, might not be manufactured in Canada, and let us say that all other machinery in that

particular group is manufactured in Canada. It could be argued that because one of the machines is not made in Canada then the whole composite group should be ruled to be "machinery" of a class not made in Canada.

There was a fear that in certain cases disputes might arise among importers. No one could be too sure that the present practices might not be upset to the disadvantage of Canadian manufacturers, hence this suggestion of stating that when the word "machinery" is found anywhere in the act it will be construed as "machine" or "machines".

Hon. Mr. Hugessen: May I ask my honourable friend a question? What is the present practice?

Hon. Mr. Choquette: The present practice is that there is only the word "machinery" in the English version, which might take in all sorts of machines.

Hon. Mr. Hugessen: I mean, what is the present practice where there is a group of machinery of that kind, where some is manufactured in Canada and some is not?

Hon. Mr. Choquette: The present practice is to separate the machines and to refuse to recognize them as only the one machine. But there have been so many discussions on the point that the department thought it was time to decide that wherever the word "machinery" is found in the act it should be construed as "machine".

Hon. Mr. Hugessen: This is just to regularize the present practice?

Hon. Mr. Choquette: That is quite correct. I might add that this change is to be made only in English version, because there is no such difficulty so far as the French version is concerned. In the French version the word used is "machines", so in that case no difficulty arises.

Hon. Mr. Euler: May I ask my friend a question? Has there ever been any difficulty in regard to the administration of this?

Hon. Mr. Choquette: I do not know, but it is thought that the time has now come to clarify the thing once and for all.

Hon. Mr. Euler: That cannot do any harm, I suppose.

Hon. Mr. Choquette: That is right.

Clause 3 of the bill provides for changes in the tariff items dealing with fruits and vegetables, and those are found in Part I of the schedule. As I mentioned, these changes flow from the Tariff Board's report on fruits and vegetables.

The former rates of duty on the fruit and vegetable items in question were bound under trade agreements, and it was necessary, therefore, to negotiate with the countries concerned before increasing the rates.

Honourable senators will realize that to pay for these tariff increases Canada had either to offer compensation by way of reductions in the duty under other tariff items, or else face the probability of retaliatory action by means of increased tariffs against Canada in exports to these other countries. The United States, as we all know, is Canada's chief supplier of fruits and vegetables, and both the increases and decreases negotiated with the United States are contained in Part I of the schedule.

Hon. Mr. Roebuck: Is the final result of the changes that are being made to increase the tariff?

Hon. Mr. Choquette: Well, I will come to that, and I will show there are very few increases through the renegotiation. Maybe other items have been added to the ones already admitted. I may say that clause 4 is the one that provides for all the changes by eliminating all the items mentioned in the old section, and when I come to clause 4 I will deal with that point.

Hon. Mr. Euler: May I ask my friend another question? All the nations concerned are included, I think, in what is called GATT, the General Agreement on Tariffs and Trade, and no changes in tariffs upwards can be made without the consent of the nations concerned?

Hon. Mr. Choquette: That is so. Consultation and consent and re-negotiations are being had from year to year.

Hon. Mr. Euler: Have these been concluded so far as the changes here are concerned?

Hon. Mr. Choquette: Yes. My instructions are that these negotiations go on for a period of a whole year. There were some going on as this budget was brought down. Other negotiations have been started and other suggestions made, but it is only when the budget is brought down that these become law.

Hon. Mr. Euler: These are all agreed upon by the nations concerned?

Hon. Mr. Choquette: They are all agreed upon.

Hon. Mr. Macdonald: Is there any change in the period of time in which the duties on fruits and vegetables are in effect?

Hon. Mr. Choquette: I will come to that. There are several changes which could be made, and all of them are taken care of in this amendment.

The Hon. the Speaker: I believe that last session honourable senators approved of the principle of allowing an honourable senator to finish explaining a bill before asking him questions.

Hon. Mr. Choquette: I enjoy this when I know the answers.

Hon. Mr. Macdonald: You have had a good time so far.

Hon. Mr. Choquette: Altogether I would say there are 43—I have counted them—items or sub-items involved. There are 24 increases in duties and 11 decreases in duties. That is an answer to some of the questions that were put to me. There are eight items in which there are both increases and decreases.

To illustrate this I might just give one example. In the case of carrots, item 87(7), the one cent per pound seasonal duty will be applied for a maximum period of 40 weeks. That is an instance where the minister has decided to increase the number of weeks within which this duty is to be applied, as formerly this period was 26 weeks. Thus there is now provision for the increased duty to be applied during an additional 14 weeks. In the remainder of the year the rate formerly in effect was 10 per cent, whereas in future it will be free, so that for 12 weeks of the year there has been a reduction in duty. Consequently, in this one item we have both a tariff increase and a tariff decrease.

Some of the most important changes in the fruit and vegetable schedule are as follows:

The duty on potatoes, new and old, will be 37½ cents per hundredweight throughout the year. Thus, at last, substantial reciprocity is regained with the rates applied to Canadian potatoes by the United States—that is to say, reciprocity with the rates applied to the bulk of Canadian shipments to that country. The seasonal duty applying to imported peaches remains at 1½ cents a pound, but it will hereafter be in force for 14 instead of nine weeks each year. In respect of apples there will be complete reciprocity with the United States; the duty on imported apples will hereafter be a quarter-cent a pound all the year round instead of free for 10 weeks and three-eighths of a cent a pound for the rest of the year.

Another change is that an additional duty of 5 per cent will be charged on green beans, beets, Brussels sprouts, carrots, cauliflower, corn on the cob, lettuce, parsnips and peas if they are imported in consumer-type packages —for example, plastic bags—during the Canadian producing season.

In most cases the new rates are the ones recommended by the Tariff Board. While there are several exceptions, to go into detail regarding them would involve a description of the negotiations with other countries. I am informed, however, that all the changes being proposed in Part I of the schedule which do not conform precisely to the Tariff Board proposals fall into one or other of the following categories: (1) alterations which were found expedient in the course of negotiations; (2) alterations based on information or views put forward after the Tariff Board report was tabled; or (3) "compensation" that was found necessary in the course of negotiations to avoid possible increases in tariffs against Canadian exports. As I understand it, these are the three factors that are always taken into account when certain changes are to be made in tariffs.

Honourable senators may have wondered why in certain cases the British Preferential rates have been increased and in other cases they have not been changed. Under the General Agreement on Tariffs and Trade, contracting parties are not permitted to increase their margins of preference. It follows, therefore, that where the Most-Favoured-Nation rates of duties are being increased, preferential rates should be increased by the same amount. This has been done in the case of every increase in the Most-Favoured-Nation Tariff except where the increase was in the seasonal specific duty or the length of the application of the seasonal duty. This seasonal duty applies only on fresh fruits and vegetables, and the United States is almost the exclusive supplier of these products to Canada in the cases where the increased rates are proposed. Consequently, the British Preferential rates are of little significance as far as trade is concerned. Furthermore, because some increases involve only the amount of the specific duty, and others involve only the length of the period, and still others involve changes in both these factors, it will be understood that it would be virtually impossible to translate all these complicated amendments into the terms of changes in margins of preference. Furthermore, for some of these products the logical suppliers under the British Preferential rates of duty are in the southern hemisphere and, consequently, their season does not correspond at all with the season in the northern hemisphere. This particular point was covered in the course of the tariff negotiations on these items and, we understand, to the satisfaction of the countries concerned.

Honourable senators will have noted that clause 1 of the bill relates to the New Zealand Trade Agreement Act, to which I have previously referred. The changes in the duties

on the canned fruits listed in clause 1 correspond exactly with the changes which are proposed in the Most-Favoured-Nation rates of duty in Part I of the schedule. The items for canned pears, 106(4), and canned fruit, n.o.p. 106 (8), appear simply because they are being renumbered; there is no change in the rates of duty. I might mention that there appear to have been no imports of canned peaches, canned apricots, canned cherries or canned prunes from New Zealand into Canada since the New Zealand Trade Agreement was signed in 1932. So it is of little consequence, I would say. Nevertheless the Government has, of course consulted with the Government of New Zealand and has their agreement to the changes proposed.

Part II of the schedule consists entirely of amendments which are of a purely formal nature. There have been a great many changes made in the numbering of the tariff items throughout the fruit and vegetable section of the tariff, and the changes proposed in Part II arise out of this renumbering. In some cases there are also minor alterations in wording, but in no case is there any change in the rates of duty.

Dealing with woollens and worsteds, may I say that last year I had the pleasure of presenting amendments to this same act, at which time there was some little discussion as to woollens. We decided then that the changes were so negligible that the difference on the fabric going into a top coat would be about 25 cents, and about 15 cents on the fabric going into a man's suit of clothes. I understand that situation remains the same, but we had to renegotiate and establish a sort of equilibrium between Canada and Italy and the other countries affected.

It will be recalled that last year modest increases were made in the British Preferential rates on woollens and worsteds under tariff item 554b, as recommended by the Tariff Board. At the same time it was announced that the Most-Favoured-Nation rates on woollens and worsteds would be renegotiated with a view to restoring the margin of British Preference. The results of these renegotiations are shown in Part III of the schedule. Under the GATT procedures, it was necessary to renegotiate these changes with both France and Italy. Honourable senators will note that as compensation for the increase in the tariff on these fabrics, reductions have been granted in the duties on perfumes, certain wines, manufactures of marble and also on certain woollen fabrics for use in the manufacture of neckties, scarves and mufflers.

The increases on wool fabrics are not large, and, I repeat, they amount to about 25 cents on the fabric going into an overcoat and about 15 cents on the fabric going into a man's suit.

The miscellaneous group of tariff items appearing in Part IV of the schedule includes many changes of a technical nature, as well as certain changes of substance. I will comment briefly on those changes which would appear to appeal particularly to honourable senators.

First, I should point out that provision is being made for the assessment of additional charges on imports of alcoholic spirits and cigars consequential upon the increase in the excise duty on these products of domestic manufacture. Provision is also being made for separate tariff items to cover six special types of machines, namely, fork-lift trucks, power shovels, power cranes, paper machines, electricity generating sets and vending machines. These changes are of a technical nature and will not alter the rates of duties which have been assessed on such machines. They will, however, make statutory the classifications which are now in effect by virtue of "Made in Canada" rulings, and are being introduced for the purpose of clarification and to facilitate customs administration.

Duty-free entry is being provided for a wide range of products, including negatives and exposed film for use as news illustrations, highbush blueberry plants, certain articles used by the fishing industry, earth-moving scoops used on farms, certain lumber products, chiropody chairs, orthopaedic highchairs, and sound recordings used by educational institutions.

That, in a large nutshell, honourable senators, is the purport of this proposed amendment.

Hon. John J. Connolly (Ottawa West): Honourable senators, I think I should say, in the first place, we are greatly indebted to the honourable gentleman from Ottawa East (Hon. Mr. Choquette) for his very comprehensive and clear explanation of a most difficult and dry kind of subject. He has covered the main provisions of this bill very well indeed. I notice that his arithmetic is not quite the same as the minister's. Nor is mine quite the same. The minister said in the other place on May 11 that there were 142 tariff item changes, 32 being increases, 40 being reductions, and 9 of those fruit and vegetable items, some of which were increased, and others decreased, and that there were 61 items left unchanged.

Now, as shown by the *Minutes of the Proceedings* of the Senate for May 12, a table was filed in this chamber by the Leader of the Government (Hon. Mr. Aseltine) setting out the tariff changes which are proposed

by Bill C-44, and setting out also the tariff situation in respect of these items prior to the change. This is a very useful document to have in order to determine the extent of the tariff changes that have been made. If honourable senators refer to it they will see that in addition to the special provision covering the change in the New Zealand Trade Agreement Act of 1932—which I will not comment on, because my honourable friend has dealt with that adequately—there are four schedules to the tariff changes. The first one, according to my arithmetic, includes 12 items, and these are all fruit and vegetable items, with the exception of an item dealing with film, and another, item 505c, dealing with floor tiles made of wood. Part II deals with 13 items, and in these, as the honourable gentleman said, there is no change, except a renumbering and a few formal changes of that kind. Part III deals with six items, including perfumes, wines, marble and wool. These were items used in the GATT negotiations to get the concessions which were asked for by Canada in respect of fruit and vegetable items. Part IV, I presume is the basket part of the schedule that contains some 34 different items.

First of all, I think something should be said about the report of the Tariff Board which was made in November 1957, and which resulted from a request that was made by the Minister of Finance to review the fruit and vegetable items of the tariff. There was a time in this country when this number of changes in the Canadian tariff would have occasioned quite a political storm up and down the country. In respect of fruits and vegetables in the development of that industry, if I may so call it, there have been changes so significant that something certainly had to be done to meet modern conditions. First of all, there has of course been a tremendous increase in the quantities of fruits and vegetables that are grown for home consumption in this country. There have been great changes, too, in the varieties of the products that have been developed. I believe the growing seasons have been extended or shortened in certain cases. So, too, there has been a change in the manner of processing these articles in Canada. These things not only influence the producers, but also perhaps put the Canadian producer at the mercy of other producers and processors, particularly in the United States, who can sell these processed products, frozen, semi-frozen, in various ways, into the Canadian markets, sometimes to the detriment of the Canadian producer.

Hon. Mr. Roebuck: Yes, but to the benefit of the Canadian consumer.

Hon. Mr. Connolly (Ottawa West): Well, perhaps to the benefit of the Canadian consumer. That depends, I suppose, on how the thing works out over a long period of time. But the point I make is this, honourable senators, that this is becoming, like so many other industries in this country, a highly specialized industry. Again it is a case where —and I do not cast any reflection upon parliamentarians when I say this—I think, the amateur in Parliament relatively speaking, cannot cope with the full extent of the problem and with the same facilities as the professional—in this case, the men on the Tariff Board. I think that the study that was made by that board as a result of the reference in 1957 was a fruitful kind of study. It was objective, it was judicial, and I think it was helpful to all concerned.

Perhaps in passing I could refer to the fact that one of the very estimable civil servants of our time, who recently retired from the Tariff Board, presided over those deliberations. I refer to Mr. Hector McKinnon. Honourable senators know the status he has achieved, not only in the work of the Tariff Board throughout the years but also in the work which was involved in some of the negotiations leading to the establishment of the General Agreement on Tariffs and Trade. Mr. McKinnon has had a long and an honourable service in this country, and the country owes much to his wisdom, his judgment and his patience.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Connolly (Ottawa West): Now, as the honourable gentleman has said, most of these changes which have resulted in the new fruit and vegetable sections of the tariff, as a result of the inquiry made by the Tariff Board, have had to be renegotiated under GATT.

We hear a great deal about GATT—the General Agreement on Tariffs and Trade—and I think it is a very significant trade instrument. It is very significant for this country. I think it is going to be more significant as trade blocks develop and as they appear to be developing in different parts of the world.

I have often wondered, and I am sure honourable senators have found themselves in the same position, just what the effect of some of these negotiations has been in respect of the different articles covered by the sections of the tariff which are affected by GATT. I often wonder, for example, what effect the negotiations at Geneva and at Annecy and at Torquay, when GATT was coming into being, have had on our total volume of trade both incoming and outgoing. I think if the honourable gentleman who sponsored this measure (Hon. Mr. Choquette) could have some light thrown on that by some of the people who are

familiar with the work that has been done with respect to GATT, it would be very useful information for members of this committee to have.

I do not propose, honourable senators, to deal with the individual items of the schedules. I think they have been dealt with in sufficient detail by the honourable gentleman from Ottawa East. There are a couple of points, however, in the schedule, Part IV, which I would like to draw to the attention of honourable senators, and perhaps if there are problems about them they could be cleared up at the committee stage, if this bill goes to committee. For example, in the schedule, Part IV, there are quite a number of items covering sugar. It does not appear to me that there is any actual change in the rates of duty under this measure. We have already had a bill—the Excise Bill—dealing with cigars and alcoholic beverages generally, and I understand, at least, that the present bill does the same thing to imported cigars and alcoholic beverages that the Excise Bill did to the domestic products.

Item 399a refers to certain types of rods and couplings and so on, to pipes or tubes. Apparently the reason for that change is that these are now held to be made in Canada. I wonder if at the time of the committee meeting we could be told where these products are now made in this country.

I see also in item 437b a new item covering motor rail cars. It is proposed that the Most-Favoured-Nation rate will go from 20 per cent to free for this item. Honourable senators know that these self-propelled diesel cars are used in various parts of the country by our railways and are a very efficient and relatively economic method of transportation. They are used not only for passengers but as well for mail and freight traffic. Apparently it was felt that these cars could be made in Canada and, in fact, they were made here—under licences, I presume, from American patentees. Apparently, however, the industry is not of sufficient importance to have it continue. I suppose the reason for reducing the rate from 20 per cent to free is to provide an opportunity for the railways to get these cars in the United States, and I think it is a useful reduction.

I see too that under the Most-Favoured-Nation Tariff racing shells are going to enjoy an advantage of 5 per cent in duty. I suppose those shells are now made in the United States and I think it is a good thing to encourage this sport. I know that there are several honourable senators who in their more youthful days were great oarsmen.

I have one further observation to make. In the other place there was a great deal of discussion about item 427 in the schedule, Part IV, which deals with certain types of machines used in the paper making industry and, machines used to lift articles on to trucks—I think they are called fork-lift trucks. It was questioned if this type of machine was made in Canada, and the debate at times became somewhat heated. I gather there is a body of opinion in the industry which feels that these machines are not of a class or kind made in Canada, and should enjoy a little lower tariff than is proposed in these sections. It may be there will be representations made from interested parties when this bill is considered in committee. For that additional reason I would hope that the bill might be referred to a committee so that the views of such people, if they desire to give them to us, could be heard.

Hon. Arthur W. Roebuck: Honourable senators, may I say a word or two before we approve this measure, as I presume we will.

It seems to me that a bill of this complexity, having such great detail, should be more fully explained. It would be a task involving weeks, perhaps, to study each of these items referred to, to find out what the situation is now and what is proposed to be done. All these blank pages one finds in the bill could be well used to explain the changes which the bill proposes. If for each item we were given the amount of import that is affected by the change, we would have some opportunity to really understand the proposals and have a basis for approving or disapproving them.

I am rather intrigued, shall I say, with the explanations of the bill that have been given. No reference was made by either the sponsor (Hon. Mr. Choquette) or the senator from Ottawa West (Hon. Mr. Connolly) to the position of the consumer. From my standpoint I think he is the most important person to be considered by this house. One must bear in mind that while production is exceedingly important, production is for the purpose of consumption. The producer is the servant of the consumer. The chief interest which should be considered in this house and elsewhere is that of the consumer. It might be argued at times that certain tariff items work out to the benefit of Canada. However, I have not been convinced by that argument so far. Generally speaking, tariff items of this kind are not in the interest of the consuming public, but are in the interest of producers and increase the cost of production.

Let us consider for a moment the matter of fruits and vegetables, which the honourable senator from Ottawa West discussed very clearly, and I compliment him on it.

The actual fact is that the increase in the length of time to which the adverse tariff is applied to imports from the United States is contrary to the health, welfare, comfort and pleasure of thousands of Canadian people. It is all very well to say we have an industry which produces goods of this kind. In the past—not the recent past—that industry stood on its own feet. Today the sunlight is just as good, the soil is just as fertile, and transportation facilities as efficient as in the past, and of course there is the advantage of the closer proximity of home-grown products to the domestic market. This industry, as I say, has in the past stood on its feet and has served the people of our great cities, such as the city from which I come.

So, I am not in favour of tariff items which check the flow of those useful and health-giving fruits and vegetables to thousands of people in our cities, even though tariffs do enable those who produce from the soil to charge higher prices for their products.

I hope my words will be heeded by the civil servants who draw this kind of bill, because it is not fair to members of Parliament to present a bill in this form without additional explanation. We should have the advantage of as much knowledge as possible as to what the tariff rates have been in the past and the effect of the proposed changes. All this information should be written out on the blank pages which appear in this bill. Only in that way can we give the bill the consideration it deserves.

Perhaps if we had taken the time expended by the honourable senator from Ottawa West (Hon. Mr. Connolly) we could have analyzed each item set out in the bill. The fact of the matter is that members of Parliament, including senators, are very busy people. We are not always credited with being busy, but the fact is we are. We have many subjects to consider. To throw at us this type of bill without detailed explanations is an outrage. To say that it has been done in the past does not make it any more proper today. I hope for the future that legislation affecting tariff items will come forward with as much information as is possible.

Hon. Vincent Dupuis: Honourable senators, I would like to add a few words on this point raised by my distinguished colleague from Toronto-Trinity (Hon. Mr. Roebuck). I am under the impression that the majority of honourable senators would support him in asking those who are responsible for submitting this type of legislation to see to it that it comes forward with full explanation. If my memory serves me, this was done in the past. Why there are no explanatory notes to this bill, I do not know.

I was born on a farm, and I have always felt the farmer should have a reasonable amount of protection in the season of production, so that the country would not be flooded with vegetables grown outside its boundaries. After all, we must admit that manufacturers and industrialists have never failed to obtain from the Government sufficient protection for their goods. This policy allows them to pay reasonable salaries to their employees and also to enjoy a fair profit on their investment. The farmer, the man who produces from the soil, is equally entitled to a fair income. If we look back over the past twenty years, the statistics show there is something wrong, because a large number of children raised on farms move to industrial centres. There must be some reason for it.

Hon. Mr. Roebuck: Mechanization of farms.

Hon. Mr. Dupuis: It might be the lure of the city. The ease with which a young man from the farm can go to the city and earn a good living, compared with the hard work he would be bound to do on the farm, will inevitably attract him to the city. There are other reasons, honourable senators, and one of them, I believe, is that farmers do not get sufficient income from their work and production. The farmers of today are not producing blindly without regard to income at the end of the year. Today they keep accounts. Most of them have gone to our agricultural schools, or they have someone available to show them how to derive the maximum return from their efforts.

According to the schedule in this bill, most of the fruit and vegetable items are free under the British Preferential Tariff. I do not see anywhere in all these items where a tariff has been imposed during a certain season. Now, we all like fruits and vegetables, but they are not produced all the year round in Canada. We, as consumers, like to have them in winter. But, when the farmers of this country are producing them I wonder if it is just and equitable to allow foreign products to flood our markets.

I do not want to make any political allusion, but I recall the big fight we had in 1930 because of the butter from New Zealand.

Hon. Mr. Lambert: Why bring that up?

Hon. Mr. Dupuis: I bring that up because it was a precedent. The one who brought it up originally was not your humble colleague who is now speaking, but a gentleman by the name of the Right Honourable R. B. Bennett. Under his political program he

brought that up, and I do not know if he was so wrong, or if free butter from New Zealand was an invasion of our Canadian market and had the effect of annihilating the reasonable profit of our farm producers. I do not know if it had that result. I am informed that some ways and means had been taken in those days to flood the market, so that they might have a good case for making a successful fight during the coming election.

In principle, I believe that the farmers of this country have a right to be protected in due course and in due season.

Hon. Mr. Roebuck: The consumer should be protected, too.

Hon. Mr. Dupuis: The consumer has to be protected, as my honourable colleague from Toronto-Trinity (Hon. Mr. Roebuck) has said, but the consumer is content to let his fellow citizen live. We are all consumers. The farmers are consumers also. They have to pay the duties on many things they must buy. They have to pay a big price because today, as the honourable senator from Toronto-Trinity said, agriculture is pretty well mechanized. The day of the horse and wagon has gone, and farmers have to pay a very high tariff rate for their agricultural implements. It is only just that they be able to sell their products at prices which enable them to cover the costs of production.

I am sure that when this bill goes to committee these questions will be raised. In my opinion, our farmers should be protected, if there are ways and means of doing so, as I believe this would be in the best interests of this country.

Hon. W. D. Euler: Honourable senators, I am not sure whether I ought to congratulate the senator from Rigaud (Hon. Mr. Dupuis) on his proving himself to be an out-and-out protectionist, especially in so far as the farmer is concerned. For my part he did not have to prove it, because in days past, as I remember, he was in favour of the entire prohibition of a commodity whose sale he felt would hurt the farmer.

Hon. Mr. Dupuis: Are you referring to margarine?

Hon. Mr. Euler: My friend has guessed rightly.

I have always understood that the discussion on the second reading of a bill should be pretty well confined to the principle of the bill. I am not sure whether there is any very definite principle in this bill, unless it is that we still have as a policy the making of tariffs and the raising and lowering of tariffs. As to the request for fuller information in the explanatory notes to the bill, I think it might be a little difficult, in spite of what has been said, to give a full explanation of the changes in the multiplicity of items involved in this bill.

There may be another principle involved in the bill. I notice that the term during which certain commodities, such as fruits and vegetables, may not be imported except at increased rates of duty—chiefly from the United States, I believe—is now extended, I am not sure that that gives further protection, and I am not quite sure that it should. I recall an incident which occurred while, if I may say so, I was in charge of the Department of National Revenue. On a certain occasion I journeyed to a province where fruit and vegetables are produced in abundance. There was then a provision in the law that during a certain period when these commodities were being produced in Canada they could not be imported, except at a very high rate of duty. In fact, they may have been prohibited altogether, but I am not quite sure of that. When I was in that province I was waited upon by fruit growers and producers of vegetables who wanted the term applicable to berries, or some such product, extended beyond the period in which they were being produced in Canada. I asked: "Why do you want to prohibit goods coming into this country when they are not being produced here? Why deprive the people of Canada of something they want and can obtain only through importation?" They replied: "Well, if we allow those things to come in prior to our own season, our people will become sated with the taste and they won't buy ours when we do have them to sell". I said, "I am quite in favour of giving you consideration when you are actually producing them yourselves, but I think you are going a little too far when you want to shut out these things while you are not producing them".

I question whether the term should be extended as proposed in this instance, for I doubt very much whether it offers any protection. However, I do not think we could get very far by examining the bill item by item in this house. That should be done in committee.

Hon. Norman P. Lambert: Honourable senators, I completely agree with the point raised by my honourable friend from Waterloo (Hon. Mr. Euler), for in perusing this bill and in following the presentation made by the honourable senator from Ottawa East (Hon. Mr. Choquette) I found it practically impossible to judge the changes that would be involved in relation to the imported articles and products that would be affected. I think it would have been very enlightening to honourable members if we could have had, in addition to the information contained in the schedules to the

bill, a basis of comparison. The honourable senator from Ottawa West (Hon. Mr. Connolly) pointed out that such a comparison was made available through the schedules of rates printed recently in our *Minutes of Proceedings*. However, in order to enable us to form an intelligent view at this time there should have been made available the present rates and, if possible, the volume of traffic in import trade that is being affected by the bill. I should like that information to be made available when this bill is being considered in committee. This would give us an idea of how far this legislation is affecting certain provisional tariff arrangements we have had with respect to imported fruits and vegetables at certain times of the year.

There is important information involved here. The extension of seasonal restrictions as referred to by the sponsor will tend to interfere with imports from vegetable producers in the United States, for example, at a time when there is a demand for them in this country. This is a problem which should be seriously considered in committee. A comparatively recent development in this country is the processing and deep freezing of fruits and vegetables so that these products may be available to our consumers at a time when our gardens are not producing the fresh products. It may be argued that this particular industry should be protected from imports of fresh fruits and vegetables during seasons of the year when Canada is not producing those products for market. Here again the interest of the whole wide body of the consuming public in Canada is at stake. The industrialization of this country is creating larger home markets all the time in urban centres, and these will be vitally affected by any tendency to curtail imports of such foods early in the season.

My basic approach to tariffs and trade is that the interest of the consumer is the only sound measuring rod for the economy of any country. The authorities have no classification of consumers. We are all consumers. You can't divide us into a labouring class, a manufacturing class, a financial or professional class or into any other classes. But you can certainly define as a basis of our economy the interest of our consuming public, and it is that factor I should like to see discussed further in committee, in the light of the information which I have suggested should be furnished.

Hon. Austin C. Taylor (Westmorland): Honourable senators, it is not often I disagree with the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck), but this is one occasion when I am not able to go along with him all the way. My purpose in rising at this time is to ask a question, but before doing so I should like to give a little background to certain sections of this bill as it applies to fruits and vegetables.

For many years there has been in Canada an organization known as the Canadian Horticultural Council. There has also been a similar organization in the United States, the American Horticultural Council. Throughout the years these councils have worked in close co-operation with the tariffs boards and Governments of their respective countries in relation to tariffs on imports and tariffs on exports.

I happened to be a member of the Canadian Horticultural Council for a number of years, during which time I sat in various places both in Canada and in the United States when matters of tariffs on fruits and vegetables were considered. I remember distinctly that it was only after three conferences that we were able to find any grounds for agreement, but when we finally reached some semblance of agreement on one or two matters we were soon able to reach agreement on all. It is a fact that for many years the fruit and vegetable growers in Canada have been at a disadvantage in relation to American growers. I need give only one illustration to prove this point. Until recently we had to pay a duty of 37½ cents per 100 pounds on a certain quota of potatoes going into the United States. On any shipment over that quota the tariff went up to 60 cents, and even to 75 cents, per 100 pounds. At the same time the Americans were able to ship their potatoes free of duty into Canada throughout the year except for six weeks. It was only the period from June 15 to July 31 when a 37½-cent duty was imposed on American potatoes coming into this country. Our potato growers suffered during all those years as a result of this, and only recently has there been reciprocity; that is, the same duty in the United States applies now in Canada. In so far as fruits and vegetables are concerned, however, there has been agreement over the years that during certain periods of the year there shall be no duty on American fruits coming into Canada and, by the same token, that during certain periods of the year there shall be no duty on similar products going into the United States. That was arranged by agreement between the two countries. These recommendations were made to the tariff boards both in Canada and the United States, and up to three years ago, or four years at the outside, 99 per cent of those recommendations were accepted by the respective governments of the United States and Canada.

The reason for the exemption from duty during those certain periods of the year, whether it is six or ten weeks, or maybe

fourteen or twenty weeks, as far as American produce coming into Canada is concerned, is that during those periods that produce cannot be grown here in Canada. The tariff applies during the flush season when the crop first comes in in this country, and it may not apply on a certain date, but it applies at a date agreed to by the American association and the Canadian association, with the support and approval of the Government of Canada or the Government of the United States, as the case may be. That undertaking has been in existence for years. The consumers of Canada have benefited as a result of this plan, because they have not had to pay any duty on fruits and vegetables coming into Canada when that produce was not grown in this country. However, honourable senators, I feel very strongly that that group of people comprising those who live on farms and are dependent on the farms for their livelihood are entitled to some consideration and some protection during periods when our markets are flooded by cheap products at the tail end of the season in other countries, just as any other industry is protected by tariffs, so that the farmers shall have at least some share of protection.

Now, the question I wish to ask the sponsor of this bill (Hon. Mr. Choquette) is this: With regard to the agreement in relation to Part I of the schedule to the bill, has that been agreed to by the Canadian Horticultural Council and the American Horticultural Council, as approved by the Tariff Board?

Hon. Mr. Choquette: I am afraid that question will have to be answered in committee.

Honourable senators, while I am on my feet, I wish it to be understood that I am attempting, not to close the debate, but to straighten out my good friend from Ottawa West (Hon. Mr. Connolly) on the question of arithmetic which he referred to. I have always been pretty poor in arithmetic, and am reminded constantly of it every day. I am sure my friend has seen me adding on my fingers from time to time, but I usually get the right answer. I think the difficulty here arises from the fact that my honourable friend was referring to the different results the minister and he and I obtained, but I suggest that all of us were correct, for the minister and my honourable friend were referring to the total number of tariff changes. On the other hand, I was referring to the number of changes affecting fruits and vegetables contained in Part I of the schedule, amounting to 43.

Hon. T. A. Crerar: Honourable senators, this bill is a rather important one. I feel bound to say, however, that these schedules of changes have not, in the light of recent developments, so much significance after all, because a year ago we made amendments to the Customs Act which permitted the Minister of National Revenue, with the support of the Government, of course, to fix valuations for duty purposes on any class of goods imported into Canada that paid duties. I think that factor must be taken into consideration in any discussion of customs schedules.

If this bill goes to a committee, I should like to know—and I hope the Leader of the Government (Hon. Mr. Aseltine) will be able to get the information—to what extent these amendments to the Customs Act have been invoked over the past year or since they became effective. I think that is a pertinent question.

There has been a dumping principle in our tariff for nearly sixty years, but the operation of the dumping principle was very simple, and it was this, that no exporter in a foreign country could offer goods for sale in Canada at a price lower than the price he charged in his domestic market without subjecting himself to the application of the dumping principle. That is an understandable principle upon which to operate. However, we have departed largely from that in the administration of our customs laws. Now, I still believe there are certain basic principles that should govern in the administration of these matters. I was interested in the argument advanced a few moments ago by our good colleague from Westmorland (Hon. Mr. Taylor). He put forward a first-class protectionist kind of an argument, the kind of argument that perhaps forty years ago I used to combat day in and day out. There was not a point advanced by him in favour of potatoes or vegetables that could not be invoked in regard to almost every other product imported into Canada. If we are to base the fixation of our tariffs on expediency, on what will satisfy this, that, or any other group, well, let us frankly recognize it, and then tariff making will become a matter based not on any principle but on the pressure which individual groups can bring to bear upon the administration.

Hon. Mr. Robertson: It is now.

Hon. Mr. Crerar: It is now to far too great an extent. But I would like to ask honourable senators, on this point, what will that do in regard to our whole export trade? Canada is essentially an exporting country. If I were asked today what is the most important thing for the Canadian economy, I would unquestionably and without hesitation answer that it is markets. If we can find profitable markets abroad for the 25 per cent of our total production that we must sell abroad if we are

to keep our people employed and our industries and agriculture going, then we will have relatively easy sailing.

Let me give an illustration that is very pertinent at the present time. One of the growing markets that Canada has abroad for many of its products is in the Far East, in Japan, Hong Kong and other Far Eastern countries. Our trade with Japan is tremendously out of balance. In other words, we sell to Japan probably three or four times, but certainly three times—I have not looked at the figures lately—what we buy from that country. Now, what do we sell to Japan? Today there is a vast problem of markets for cereals from western Canada, a problem that is affecting eastern Canada as well. Japan has become an importer of not only certain grades of wheat but, in quite a substantial way, of barley. Is that market worth while? Are we going to hold it? Can we hold it if our Canadian friends say, "Japanese cottons, Japanese textiles and Japanese boots and shoes are interfering with our domestic business", and come running to the Minister of National Revenue, asking "Please, sir, won't you revalue these imports for duty purposes with the object of keeping them out?" That applies in many other directions as well, because Japan is taking some of our timber, some of our coal from British Columbia, and Canada is building up a market for iron ore from that province, if the British Columbia Government does not succeed in shutting it off, which, at the moment, I understand it is trying to do.

Honourable senators, it has often been said that trade is not a one-way street, and there was never a greater truism than that statement. If we are going to sell abroad we must be prepared to buy from abroad somewhere, and this idea that seems to be gaining currency to an increasing degree today, that we can protect our home industry in every field and at the same time build up our export markets, is nothing but the sheerest nonsense. It cannot in the long run be done.

I still think that the consumer's interest is the main interest. A French economist of the last century, a noted man—I have forgotten his name at the moment—laid down the principle that the interest of the consumer is the interest of the human race. That is as true today as it was then. We have tried by devious shifts, this way and that way, to get around the basic principles that should apply to a question of this kind.

Coming to another point—and I shall not detain the house much longer—I did share with the honourable senior senator from Ottawa (Hon. Mr. Lambert) and the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) their criticism of the lack of information in the bill. We have the schedules here showing what the tariff rates will be under these amendments. It would have been a very simple matter at the same time to have included in the schedules what the existing rates are on each of these items.

Hon. Mr. Aseltine: Was that not attended to last week when the information was printed in the *Minutes of the Proceedings*?

Hon. Mr. Crerar: My honourable friend has anticipated what I was going to say. It is true that we have that information, but where? We have it in the *Minutes of the Proceedings*. If it had been supplied in the bill one could see at a glance what the difference is in each case. I would suggest to the honourable Leader of the Government in this honourable house (Hon. Mr. Aseltine) that he bring that to the attention of the administration when in future years we have further revisions of these schedules. It would not, I am convinced, involve very much labour on the part of departmental officials to inform members of Parliament, on the pages opposite the various items, as the honourable senior senator from Ottawa (Hon. Mr. Lambert) suggested, what the volume of trade was in the particular items in the last year or the previous year.

I am sure that all honourable senators in this house and of the other house desire to discharge their responsibilities in the most effective manner possible and if we are to do so we must have knowledge on which to base our judgment. It is just impossible, as someone already has said, for anyone to master all the details of this bill if one has to search through other records for information. We have civil servants, many of them, and a great deal more information could be provided us, so that we would not need to call up the Library or the Bureau of Statistics or somewhere else to try to acquaint ourselves with the essential matters in relation to the problem under consideration.

Honourable senators, I just wish to say, in conclusion, that it is very important—at any rate, so it appears to me—that we consider the larger principles upon which our trade should be based. I know that at times someone is going to be hurt here or someone is going to be hurt there; but if we shape a tariff policy to try to help the person over there or the person over here, we are going to miss out in the whole larger problem which, I repeat, is the problem of finding markets for at least 25 per cent of our total production in Canada. And I simply assert once more that you cannot sell your products abroad unless you are prepared to buy from abroad in return.

Hon. Mr. Connolly (Ottawa West): Honourable senators, may I be allowed to add a brief statement? Last year on a bill like this one I raised the question which has been raised by the honourable senator from Churchill (Hon. Mr. Crerar), namely, that in the schedule to the bill we should be shown not only the existing rates but the old rates. The Leader of the Government (Hon. Mr. Aseltine) was good enough to take this up with me some time before this bill came to the Senate. It was explained to me that this cannot be done in the bill—that when we get a bill we are passing the legislation that is contained in it.

Hon. Mr. Roebuck: But it could be shown on the opposite pages.

Hon. Mr. Connolly (Ottawa West): I am simply giving the explanation that was given by the department. They suggested that the old schedule should not be shown in the bill itself, and for that reason it was done in the way it has been done, namely, by a special table in the *Minutes of the Proceedings*. Whether the decision was right or not, at least this year we have both the old and the new schedules for comparison.

Hon. Cyrille Vaillancourt: Honourable senators, I wish to say a few words in answer to what was said by the honourable senators from Churchill (Hon. Mr. Crerar) and Toronto-Trinity (Hon. Mr. Roebuck). I cannot accept their argument on the principle that the consumers should be kings, so to speak, in this country. I would point out that before we can consume we must produce. If we kill the producer, by so doing we kill the consumer.

In my opinion the Government, when it presents changes in legislation of this kind, must study both sides of the picture, and maintain a balance between the producers and the consumers of this country. They should be given equal consideration; protection should not be extended to one at the expense of the other. I believe the position of the producer and the consumer can be related to our exports and imports. If we want to export, we must also import. If we are to have consumers, we must first have producers.

Hon. Mr. Euler: Honourable senators, may I ask one question? Could we not have printed in the *Minutes of the Proceedings* both the present rates and the proposed rates of tariff, so that we may make a comparison?

Hon. Mr. Vaillancourt: Both rates are printed in the *Minutes of the Proceedings*.

Hon. Mr. Aseltine: I discussed this matter fully with the senator from Ottawa West (Hon. Mr. Connolly) several weeks before the bill was brought down, and the matter was taken up with the department. As far as we could see, this was the only way in which we could give honourable senators all the information; it was not thought feasible to give a great number of explanatory notes on the right-hand pages of the bill.

Hon. Mr. Euler: I understand we will now be able to make a full comparison from the information contained in the *Minutes of the Proceedings*?

Hon. Mr. Aseltine: Yes.

Hon. Mr. Taylor (Westmorland): Honourable senators, I would like to rise on a question of privilege. I believe I was charged by the honourable senator from Churchill (Hon. Mr. Crerar) with being a protectionist. This I want to deny most emphatically. I do say that when the United States charges duty on agricultural products going into that country at certain periods of the year, and at reasonably high rates, I am not one who is prepared to admit products from that country into Canada twelve months of the year, free of duty.

Hon. Mr. Horner: Hear, hear.

Hon. Mr. Aseltine: *Quid pro quo.*

Hon. Mr. Taylor (Westmorland): *Quid pro quo.*

Hon. Mr. Euler: Would you say those products should be prohibited from coming in here when we are not producing them?

Hon. Mr. Taylor (Westmorland): I did not say a word about that.

Hon. Mr. Crerar: Honourable senators, I do not think I called my friend a protectionist, but I did say he was using a good protectionist argument.

Hon. Mr. Euler: *Hansard* will show.

Hon. Gunnar S. Thorvaldson: Honourable senators there is perhaps very little I can contribute to this debate. However, I would like to point out that it is, to my mind, a salutary and healthy condition in Canadian public affairs that for the past twenty years or so there has been very little partisan debate on customs tariff matters.

There was a time in my youth when the members of my party from western Canada felt very strongly that we were in a difficult position from a tariff standpoint. It was generally conceived, rightly or wrongly—certainly it was argued by our opponents—that ours was a high-tariff party and our opposition was a low-tariff party. Whether or not that was true in those days—

Hon. Mr. Horner: It never was.

Hon. Mr. Thorvaldson: —I wonder if anyone can suggest that it has been true over the years since say 1940. I must say that I have seen little sign of it.

With respect to the statements and discussion that have come from the other side of the house, there is very little on which I wish to disagree. I agree most heartily that the consumer is of tremendous importance. I also agree with the remarks made by the honourable senator from Kennebec (Hon. Mr. Vaillancourt), that the producer must not be overlooked; he too is of immense importance. After all, as was pointed out, we cannot have any consumption unless we first have production.

Honourable senators, I offer these observations to indicate how endless the debate on tariff questions can be and has been in the past. I say, thank goodness we no longer have partisan debates on tariff matters in this country.

I should, however, like to refer to two remarks made by the honourable senator from Churchill (Hon. Mr. Crerar), not so much to disagree with him as to suggest that he perhaps went too far in what he said. He referred, for instance, to the dumping principle in this country, which is almost as old as the country itself. I think there has been no difference in the attitudes of the two main parties with regard to dumping principles, but the problems we have faced in the last few years, as I understand them, result from attempts by producers in other countries, by devious means and methods, to defeat the anti-dumping provisions in the Canadian tariff laws. Let me give an example with which I am sure you are all familiar.

We have, for instance, a tariff on certain qualities of textiles. The provisions of the law in this respect are defeated by there being shipped into this country textiles which are called "seconds", and perhaps "thirds", but which in reality are first-class goods. This has created a tremendous difficulty for the Customs Department to enforce the anti-dumping provisions in our law. It is difficult to prevent such producers in other countries from defeating the plain intention of our anti-dumping laws.

I want to make one or two remarks about something else that the honourable senator from Churchill said. He said: "You cannot sell your products abroad unless you buy from abroad." Generally speaking, I am in agreement with that, but I think it is only true in a general way. I give you, for instance, the example of the United States. Everyone knows that the United States has been surrounded by a tariff wall as high as Haman's gallows for the last hundred or more years. In fact, the economy and standard of living of that country have been built up behind this tremendous tariff wall.

The honourable senator from Westmorland (Hon. Mr. Taylor) referred a moment ago to a fact that we in western Canada have been aware of for a long time, namely, that in former years if we shipped our potatoes across the border into Minnesota or North Dakota we were faced with a tariff of 37½ cents per unit of measurement, whereas the American farmer was able to ship his potatoes into Canada free of duty. This is an example of one of the real problems in regard to this business of tariffs and tariff-making.

Many a manufacturer in Ontario has said to me: "If I could sell into the American market free of duty I would be perfectly happy to have the American manufacturer come into the Canadian market free and I will compete with him sucessfully. But my trouble is that because I am unable to get into the American market either free or at a reasonable rate of duty, I could not remain in business in Canada with our restricted market without reasonable tariff protection."

Hon. Mr. Euler: And there would be no permanency about such an arrangement, either.

Hon. Mr. Thorvaldson: No.

Those are the facts of life in regard to the industries of the provinces of Ontario and Quebec. There is now in existence in regard to manufactured goods a tariff system which is approximately the same on both sides—that is, as between Canada and the United States. But I do think that in most cases the Canadian tariff on equivalent goods is lower than the American tariff.

Hon. Mr. Crerar: May I ask my honourable friend a question?

Hon. Mr. Thorvaldson: Yes.

Hon. Mr. Crerar: Is it not a fact that today there is not a tariff on automobiles imported into the United States? I know this year I saw a statement saying that the United States would probably import 600,000 automobiles from Europe.

Hon. Mr. Thorvaldson: Yes, that is quite correct. There is no tariff on automobiles imported into the United States, and there is a very good reason for it, namely, that until the last two or three years the United States, through its mass production facilities, enjoyed a great advantage over every other part of the world in the manufacture of automobiles. But that advantage now seems to have gone, and I think you will find that the Americans very soon will be agitating for a tariff on automobiles against the importation of foreign cars.

Hon. Mr. Haig: Sure they will.

Hon. Mr. Horner: Yes, sure they will. There is nothing more certain.

Hon. Mr. Thorvaldson: I was dealing with the remark that the honourable senator from Churchill made, which I agree with, that "You cannot sell your products abroad unless you buy from abroad". But, of course, that is only true in a very general way, it seems to me. The United States for all the period of its history, having had a huge tariff wall surrounding it, has at all times been exporting more goods than it has been importing. I think the figures of exports and imports of that country will indicate that it is not correct to say you cannot export unless you import an equivalent amount. I repeat that United States exports, through the years, have far exceeded imports.

Of course, the problem is this, and everyone knows it, that the United States could not be paid for all those excess exports. I will admit that, and the honourable senator from Churchill is quite right in saying that if you export—that is, for long periods of years—more goods than you import, then something has got to suffer, and I think we all know what has happened in regard to the United States. I remember that when I was a young boy I heard about America making loans to every part of the world. What happened to those loans? They were not paid. That was a price the United States paid for these big exports.

Hon. Mr. Reid: It did not want to be paid for them.

Hon. Mr. Thorvaldson: Of course it did not. That is the very point I am making. Its economy would have greatly suffered if those countries had not defaulted on those loans. Consequently, the loans were never paid. Indeed they could not have been paid in any other way than with goods exported to the United States by the debtor countries.

Then, in the First World War the United States certainly lost tremendous amounts of money through defaults by other nations. That was the process. Of course, in the Second World War there was lend-lease, and then there was also the tremendous volume of exports which the United States made throughout the war years without getting paid for them.

Hon. Mr. Euler: We did some of it also.

Hon. Mr. Thorvaldson: That is one of the facts of life, it seems to me, in regard to this world-wide tariff problem.

Let me give another reason why I suggest that the honourable senator from Churchill was rather sweeping in his remarks. Take the question of Canadian pulpwood. No matter whether Canada imports a dollar's worth of goods or exports a dollar's worth of goods, pulpwood will get into the markets of the world as long, and only as long, as it can compete with pulpwood from other countries. I think that is an example of the serious problem that we are facing today in regard to our trade. It is a question of cost of production in Canada, and that problem is going to be more dangerous than anything else to the economy of this country in the next few years. Mr. Ambridge, President of the Abitibi Power and Paper Company, stated in evidence before a committe of the House of Commons yesterday, as reported by the press, that our most serious problem in his industry is the cost of production, and that if we cannot keep that in line with the cost in other countries, then Canada is inevitably going to lose its present markets for pulpwood and pulpwood products throughout the world.

Hon. Mr. Roebuck: May I ask the honourable senator, does he argue that we make ourselves prosperous by giving our products away and getting nothing in return?

Hon. Mr. Thorvaldson: I do not argue that for a moment. I am just suggesting that I do not think the whole economy of the world can be explained by slightly higher or slightly lower tariffs. I am suggesting that our great problem of the present day and of the next few years is to keep our costs of producing the goods we try to export in line with the costs in other countries.

Apart from that, as I said at the beginning, I cannot say I disagree in any important principle with anything that has been said by honourable gentlemen on the other side of the house.

Hon. Mr. Robertson: Would the honourable senator answer a question? Would he subscribe to the idea that our overall costs in Canada are higher than those in any other country in the Western world?

Hon. Mr. Thorvaldson: I think they are very rapidly getting to be that.

Hon. Thomas Reid: Honourable senators, I have just a few words to contribute to this debate. The whole matter of tariffs and trade can be summed up in the philosophy expounded years ago by the late Right Honourable Mackenzie King, who said, "Each one of you is a free trader except for the goods produced in your own country or in the factories in your constituency." That applies to everyone, I believe.

I also want to point out to those who have been protesting against products coming here from China by way of truck transport, that

we will hear a far different cry when China and Japan start exporting shirts and suits and cheaper goods to Canada. We will hear a different cry then about keeping those goods out. We almost had an international incident when they tried to transport shrimps by truck from Vancouver through the United States to Montreal. I just ask you whether it does not make quite a difference when the tariffs are affecting our own farmers, producers and manufacturers?

Hon. Senators: Question!

The Hon. the Speaker: Honourable senators, the question is on the motion of the Honourable Senator Choquette, seconded by the Honourable Senator Pearson, for the second reading of Bill C-44, to amend the Customs Tariff and the New Zealand Tariff Agreement Act, 1932. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. Roebuck: On division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Choquette, bill referred to Standing Committee on Banking and Commerce.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, May 21, 1959

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

Prayers.

INCOME TAX BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-48, to amend the Income Tax Act.

Bill read first time.

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

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

EXCISE BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill C-45.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-45) intituled: "An Act to amend the Excise Act", have in obedience to the order of reference of May 14, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

The Hon. the Speaker: When shall the bill be read the third time?

Hon. Mr. Brunt: Next sitting.

LENGTH AND MASS UNITS BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill S-20.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (S-20) intituled: "An Act to amend the Length and Mass Units Act", have in obedience to the order of reference of May 19, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon. Mr. Aseltine: Next sitting.

WEIGHTS AND MEASURES BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill S-21.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (S-21) intituled: "An Act to amend the Weights and Measures Act", have in obedience to the order of reference of May 19, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon. Mr. Aseltine: Next sitting.

CUSTOMS TARIFF AND NEW ZEALAND TRADE AGREEMENT BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill C-44.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-44) intituled: "An Act to amend the Customs Tariff and The New Zealand Trade Agreement Act, 1932", have in obedience to the order of reference of May 20, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon. Mr. Aseltine: Next sitting.

PARLIAMENTARY SECRETARIES BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill C-37.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-37) intituled: "An Act to provide for the appointment of Parliamentary Secretaries to Ministers", have in obedience to the order of reference of May 12, 1959, examined the said bill and now report the same with the following amendments:

1. Page 1, lines 6, 7 and 8:—Strike out subclause (1) of clause 2 and substitute "2. (1) The Governor in Council may appoint one or more members of the House of Commons to be Parliamentary Secretary or Secretaries to a Minister."

2. Page 1, line 16:—After "Secretary" insert "or Secretaries".

The Hon. the Speaker: Honourable senators, when shall these amendments be concurred in?

Hon. Mr. Reid: Next sitting.

AMENDMENTS CONCURRED IN

Hon. Mr. Hayden: Honourable senators, with leave, I move that the amendments be concurred in now.

With permission of the house I will explain the amendments, and it will then be open to honourable senators to concur in the amendments now or at a later time.

The bill which is before us provides for a maximum number of 16 parliamentary secretaries. In the form in which it reached this house, it permitted the appointment of one secretary to each minister. The feeling of the committee, after some very serious deliberation, was that there should be more flexibility in the legislation. One can quite easily conceive of a situation, having regard to the duties that some of the ministers are called upon to perform, in which there should be more than one parliamentary secretary to assist a minister. It may well be that other ministers feel capable of discharging their duties without any such assistance.

The amendment which the committee proposed provides that there may be one or more parliamentary secretaries appointed to serve a minister, but retains the maximum of 16 appointees. So, under the amendment we are not increasing the drain upon the treasury of the country.

Motion agreed to.

THIRD READING

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

Hon. Mr. Macdonald: Now.

Hon. Mr. Aseltine: Next sitting.

Hon. Mr. Macdonald: Honourable senators, I have no objection to the bill being read the third time now. This is a House of Commons measure, and no doubt members of that house are anxious to know whether or not there will be parliamentary secretaries. Why should we keep them in suspense any longer?

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Macdonald: I think we should relieve the suspense by passing the bill as soon as possible.

Hon. Mr. Aseltine: Honourable senators, with leave, I move, seconded by the honourable Leader of the Opposition (Hon. Mr. Macdonald), that the bill, as amended, be now read the third time.

Motion agreed to and bill, as amended, read third time and passed.

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, with leave of the Senate I move that when the Senate adjourns today it stand adjourned until Tuesday next, May 26, 1959, at 8 o'clock in the evening.

Motion agreed to.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. Mr. Macdonald: Honourable senators, before the Orders of the Day are called and before some honourable senators who have appointments outside the house leave, would it be possible for the Leader of the Government (Hon. Mr. Aseltine) to indicate now what the business is likely to be on Tuesday evening?

Hon. Mr. Aseltine: I think I can give a reasonably accurate statement of the business for Tuesday. I propose, with leave of the Senate, to proceed first with the second reading of the Income Tax Bill, and then with the second readings of the Excise Tax Bill, the Export Credits Insurance Bill, and the Freight Rates Reduction Bill. There is also the resolution for approval of the convention concerning the abolition of forced labour. I am not sure whether we shall be able to deal with the resolution for approval of the convention on the nationality of married women on Tuesday next or not.

OLD AGE SECURITY BILL

SECOND READING

The Senate resumed from Thursday, May 14, the adjourned debate on the motion of Hon. Mr. Higgins for the second reading of Bill C-46, to amend the Old Age Security Act.

Hon. Thomas Reid: Honourable senators, in rising to take part in this debate I want, for a few minutes, to outline the Old Age Security legislation since its inception and up to the present time because I have one or two things to say with regard to changes which have been made in the act since the beginning.

The Old Age Pensions Act was put into effect by the Liberal administration in 1927. The monthly allowance then was $20, and the contribution at that time was on a fifty-fifty basis, federally and provincially. During the Conservative régime the contribution was increased to 75 per cent by the federal Government, and the contribution of the provinces was reduced to 25 per cent. In 1943

the monthly alowance was increased to $25; in 1947, to $30; and in 1949, to $40. Up to that time the provincial Governments administered the act.

I am one of those who hold the view that the great agitations throughout the country for a change in the system resulted from the fact that some of the regulations in those days were being scandalously carried out by certain provinces. Male and female investigators were going around asking the most searching questions, and I recall aged people in my own constituency saying they would rather starve than answer them. For many years the Old Age Pensions Act had two specific requirements. The recipient had to be a British subject with a minimum of 20 years' residence in this country.

In 1950 a joint committee of the Senate and House of Commons was set up to examine and study existing legislation in Canada and in other countries with respect to old age security. The committee's report was tabled in the Senate on June 28, 1950, and it provided the background of the social security planning which resulted in the enactment of two separate pieces of legislation in 1951, the Old Age Security Act and the Old Age Assistance Act.

It should be noted that the new legislation dropped the British or Canadian citizenship requirement clause but retained the 20 years' residence requirement. I want to read now from the report of the joint committee of 1950 the change in the regulation affecting residence, for I will have something particular to say about that later. I quote:

> In order to qualify for the universal pension at 70 years of age, an individual should have to reside for a reasonable period of time in Canada—

And, mark this:

> —during his earning years and be liable during these years to make his required contribution to the old age security program.

I was heartily in accord with that provision. I want to show the change that has taken place. During the last session of Parliament the present administration changed the residence requirement from 20 years to 10 years. I have spoken to many people who were unaware that one could obtain an old age security pension without being a citizen of this country or a British subject; many had not realized that all an immigrant had to do to secure a Canadian old age security pension was to come and reside in this country for 10 years. I warn the Government what may likely happen. I know of cases where people have emigrated to Canada from continental Europe and, while living here, have contributed to the support of their parents living abroad. Now they are telling their parents that when they reach 60, 61 or 62 they should take up residence in Canada because after 10 years they could draw a monthly pension of $55 each. As a matter of fact, from what I hear it may not be very long before this 10-year period is further reduced.

I view with concern the kind of agitation that is going on in the other place, where it is argued that once a person becomes eligible to receive old age security he or she should be allowed to move to any country of his or her choice and continue to receive the pension from Canada. At the present time a recipient can absent himself from Canada for a period of almost seven months and still draw his pension. The act provides for an absence of six months, but in the final result it can total almost seven. Apparently this is not good enough for some members of Parliament and, as I say, some of them are now advocating—and I claim it is just for political purposes—that an old age security pensioner should be allowed to go wherever he likes, for as long as he likes, and continue to draw his pension. What is going to happen? Is our great nation going to end up inviting aged people from other countries to come and reside here for 10 years and then start drawing a pension of $55 a month and be allowed to go back to their own country and continue to draw a pension of $55 from Canada? And don't forget the amount could very well be increased in the future.

I took the trouble to look up some statistics on Government annuities. I am not going to place on record all the figures I have before me. A single male person coming to this country at the age of 60 would have to pay $4,200 to buy a Government annuity which would provide him with a monthly income of $55.

Hon. Mr. Brunt: At what age would it commence?

Hon. Mr. Reid: At 70.

Hon. Mr. Brunt: The payments would not start until he was 70?

Hon. Mr. Reid: That is right, but he would have to pay that amount in cash if he bought a Government annuity.

Hon. Mr. Macdonald: How much?

Hon. Mr. Reid: It is $4,200 for a man and $4,786 for his wife. The effect of our legislation is that we are actually handing people who come here at 60 almost $9,000 as a free gift, and remember they come here when their earning power is practically gone. The original philosophy behind the Old Age Pensions Act was that the people who were to benefit later were to contribute to the fund during their earning years. I think

most honourable senators will recall the tenor of speeches when the original legislation was enacted in 1927. It was that something should be done for the old pioneers who had laid the foundation of this country and those who had contributed to its economy for so long. Well, we enacted the Old Age Pensions Act in 1927, and now we have the Old Age Security Act and the Old Age Assistance Act. Personally, I think what we are doing now is wrong, but I doubt very much if anything will be done to change it. When I read the political speeches in the House of Commons I am really worried, for they are out to get a new no-residence clause which will enable people to return to their country of origin and continue to draw old age pension moneys from Canada. I am just warning the Government and the people of Canada where we seem to be drifting.

The method of financing old age security adopted by Parliament in 1951 was described as the pay-as-you-go system. It was a compromise between the insurance principle and financing through general taxation and consolidated revenue. It retained the contributory feature and provided for the creation of a special fund to be financed by three specific taxes according to the 2-2-2 formula. That is, 2 per cent from personal incomes, 2 per cent from corporate incomes, and 2 per cent from sales tax.

When the fund was created, in 1952, the specific taxes levied for the purpose of financing the fund—the 2-2-2 formula—was completely or partially offset by reductions in those taxes levied for ordinary budgetary purposes. The Canadian Tax Foundation, in its review entitled *National Finances,* had this to say:

> In general, these 2-2-2 rates represented the earmarking of a part of existing taxes rather than the establishing of new imposts.

I want to repeat that, because a new impost is now being placed on our old age security plan:

> In general, these 2-2-2 rates represented the earmarking of a part of the existing taxes rather than the establishing of new imposts: e.g., the general sales tax rate of 10 per cent was reduced to 8 per cent at the same time. No change in the 2-2-2 rates have been made since they were introduced. Any excess of pension payments over tax rates was to be financed by temporary loans from the Minister of Finance.

Therefore, the contributory principle is at the basis of our old age security system.

May I remind honourable senators what the Minister of Finance, Mr. Fleming, had to say about the sales tax which is now being increased 50 per cent, as appears in the House of Commons *Hansard* of November 1, 1951, at page 610:

> We must recognize as well that the sales tax is a costly tax to the consumer because it pyramids as the result of mark-ups as the goods pass from hand to hand, from manufacturer or producer, who pays the tax in the first instance, to the wholesaler, from the wholesaler to the retailer, from the retailer to the consumer, and that a 2 per cent sales tax in this way levied on the manufacturer or producer will probably cost the consumer not 2 per cent but closer to 4 per cent on the cost of goods that he has to buy.

I repeat that the last administration did not increase the sales tax; it took only 2 per cent from the 10 per cent already in effect, and I think that is acknowledged.

During the 1953 and 1957 election campaigns the present Government promised to increase old age pensions and at the same time reduce taxes by $500 million, and also balance the budget. Later on I will quote from the Prime Minister's statement in which he promised to do that very thing. At that time the Prime Minister said that this could be done quite easily. He repeated that assertion in the fall of 1957 on television, when he announced the $9 increase in old age pensions, rather than submitting it to Parliament, which was sitting at the time.

Honourable senators will also recall the pre-election session of 1957-58. At that time the Minister of Finance announced, soon after he had resumed his new responsibilities, that he would present a budget during the fall session, and so the House of Commons proceeded to consider Government legislation on that basis. The Right Honourable Mr. St. Laurent expressed the attitude of the official Opposition on the proposed increase in old age pensions, as reported in the House of Commons *Hansard,* October 16, 1957, at page 44, in the following terms:

> As for the measures forecast to increase old age security and other social benefits, naturally every true Liberal will welcome them in principle. Our sole concern will be to see how they fit into the whole financial picture and how far the Government will take effective measures to control the rise in the cost of living which, if unchecked, could easily take away all the advantages of the proposed increases.

The increase of $9 per month added to the $6 previously approved merely meant that a substantial deficit would appear in the fund unless the contributions to the fund were increased proportionately. Since the Minister of Finance had promised to produce a budget during that session, it was normal to assume that contributions to the fund would be adjusted upward on that occasion to maintain the principle unanimously approved by Parliament in 1951.

It would have been highly desirable and most appropriate in the fall of 1957 for the

Minister of Finance to reaffirm the pay-as-you-go principle and to take action to bring the old age security fund in balance. It would have been quite easy then to make the change now proposed by the minister and to increase the contributions to 3-3-3 in order to show that the increased pensions had to be paid for by the taxpayers and to maintain the method of financing adopted in 1951. This should have been done by merely transferring existing taxes to the fund as had been partly done in 1952, because at that time it was desirable to reduce taxes for budgetary purposes in view of the then prevailing economic conditions.

This was not done, however, and we all know why: because of the political action shown by the Government then. There was another election coming up and the Prime Minister wanted the Canadian people to believe that it was quite possible, as he had said before the June 1957 elections, to increase benefits of all kinds and to reduce taxes and still to balance the budget. The Prime Minister, before the March elections, wanted to hide the facts and the real financial situation of the Government in order to give the impression that he could accomplish miracles.

The Prime Minister went through this act of what could be called political bribery, and with great success. It is only just recently, however, that he said to labour representatives and to municipalities, here in Ottawa, that he could not make miracles and that there was no recipe enabling the Government to increase expenditures and reduce taxes at the same time. Such an admission coming after the elections took, in my opinion, more nerve than courage.

It was only after the recent elections that the Minister of Finance rediscovered some of the Liberal principles that he had advocated in previous years. In 1951 he supported the pay-as-you-go principle, as I have mentioned. In his last budget speech, it is interesting now to note what he had to say about increased social security, including higher old age pensions. He declared, as appears in the Commons *Hansard* of April 9, 1959, at page 2415:

> They cost money and must be paid for.

He further declared, as reported on page 2416:

> Before the old age security legislation was first introduced the entire subject was carefully studied by a joint committee of the Senate and the House of Commons. After considering various methods of financing, this committee recommended that the contributory principle be applied, and that the required funds be raised annually on a pay-as-you-go basis.

Why didn't he say that in the House of Commons in the fall of 1957, when he knew perfectly well that the increase in old age pensions he was proposing would create a substantial deficit in the fund?

Hon. Mr. Aseltine: May I ask the honourable senator a question?

Hon. Mr. Reid: Yes.

Hon. Mr. Aseltine: Are you, or were you, in favour of the increase in the old age pension from $46 to $55 a month?

Hon. Mr. Reid: What a foolish question! Of course I was. I am surprised at the Leader of the Government (Hon. Mr. Aseltine) asking such an inane question as that.

Well, I am going to warn the Government and warn the country to be on guard against the skulduggery that is taking place.

Hon. Mr. Aseltine: Oh, that is nonsense.

Hon. Mr. Brunt: Utter nonsense.

Hon. Mr. Reid: If you desire, I will take you on one at a time, not half a dozen.

There is another aspect of this situation which should also be mentioned. The former Liberal administration provided old age pensions of $40 and $46 monthly without materially adding to the overall tax burden, since the 2-2-2 tax contributions were to a great extent merely transferred to the fund from already existing taxes. The present Government has increased the pensions by 20 per cent, but it is now increasing the contributions to the fund by 50 per cent. Moreover, those greater contributions will be added to the overall tax load instead of being transferred from existing budgetary levies, as was done by the Liberal administration. Therefore, the contribution of the present Government to our old age security system can be summarized as follows: a net increase in the real value of pensions of 17 per cent and a rise of 50 per cent in the taxes financing those pensions.

It should be noted that, with the proposed increase, the sales tax reaches the highest level in our history. Another record for the Government. Moreover, that increase will no doubt be used as a pretext by private industry to further enhance the price of their products. Some of us remember what the present Prime Minister and the Minister of Finance had to say about the sales tax in the past. This is what the Prime Minister said in 1951, during the second session, as reported at page 610 of *Hansard*:

> We must recognize as well that it is a costly tax to the consumer because it pyramids as the result of mark-ups as the goods pass from hand to hand, from manufacturer or producer, who pays the tax in the first instance, to the wholesaler, from the wholesaler to the retailer, from the retailer to the consumer, and that a 2 per cent sales tax in this way levied on the manufacturer or producer will

probably cost the consumer not 2 per cent but closer to 4 per cent on the cost of the goods that he has to buy.

As far as I personally am concerned, I still believe that the pay-as-you-go principle should be maintained as the basis of financing old age security.

Hon. Mr. Brunt: Is the honourable senator maintaining that when we had the 2-2-2 formula that always produced enough revenue to pay old age pensions?

Hon. Mr. Reid: By no means. I have all the figures here. But what the Government did in the past was to take it from the whole of Canada, and keep the fund going along without adding more taxes. That is the difference. Taxes have been added on, and before I am through I will show you just how some of these taxes have been added. That is my argument today against this proposed bill. I am in favour of increasing old age pensions if we can manage it, and I am in favour of the contributory system, but I am against handing these pensions out to people coming from Europe and elsewhere, who are not citizens of the country and have only been here ten years.

Hon. Mr. Brunt: I take it you are not opposed to having the fund balanced with a 3-3-3 formula.

Hon. Mr. Reid: I am in favour of having the fund balanced.

Hon. Mr. Hayden: Does that balance it?

Hon. Mr. Reid: We hope so.

Hon. Mr. Hayden: For the moment.

Hon. Mr. Reid: Honourable senators, in case someone brings me to order for the balance of my remarks, might I say that what I am going to deal with now has a bearing on the bill before us. I have something to say regarding the recent conversion loan and I desire to show where funds enough could have been saved there to pay for the increase in the old age security fund without having to impose an extra tax of 50 per cent or increase the income tax. I am going to place these figures before you, and working up to them I want to proceed with the balance of my argument.

Despite the oft-repeated assertion of the Minister of Finance that the conversion loan was an unqualified success, his assertion does not make it so.

Despite some slight improvement in economic conditions there has been no real improvement in the sentiment of investors regarding Government securities.

The major task of the Government is to restore public confidence in money. In the period from the end of June 1957, the approximate time at which the Conservative Government took office, to the end of March 1959, the Government increased the amount of its debt—represented by direct and guaranteed securities—by a sum of $1,664 million, while in the same period the money supply, that is the total currency and chartered bank deposits, was expanded by some $1,720 million.

No one can honestly deny that the deficit announced last June is both the cause of the conversion loan and of the unprecedented expansion of the money supply which has taken place since the present Government has been in office. The Government's need to borrow money is an explanation of both of these operations.

It is a fact, not too widely known, that the present Government has issued $3,700 million of new bonds, excluding the conversion loan, and of these issues $3,350 million were for a term of three years or less.

We can now count or estimate the immediate cost, and may I point out to honourable senators the picture is really staggering.

I find that, according to the Minister of Finance's figures, the following amounts have been paid out in connection with the conversion loan:

Premiums	$42,400,000
Commission	19,478,000
Issuing fees	7,300,000
Advertising	1,495,000
Administrative costs	1,265,000
	$71,938,000

The Minister of Finance has stated that the annual interest payable on the new bonds is $58 million per annum more than was paid on the Victory Loans which were converted, and he has also stated, in reply to questions asked, that the annual charge for amortization will amount to over $6 million per annum. These are the amounts I want to bring into my argument this afternoon that, were it not for such things as these, there would have been no necessity to raise contributions to the old age security fund by 50 per cent nor raise income taxes. The $64 million extra in one year is indeed a substantial addition to the cost of servicing the national debt, particularly when it must be added to the $40-odd million of additional debt service charges on the other borrowings of the Government.

The question not satisfactorily answered for many yet is: Why by the conversion loan did the Government commit itself long before the maturities of the retired issues and to paying substantially higher rates of interest than were payable on the bonds which were called in so far in advance of their maturities?

I have taken the trouble to find out the additional interest which will be payable for the remainder of the terms of the sixth, seventh, eighth and ninth Victory Loans, which mature respectively on June 1, 1960, February 1, 1962, October 1, 1963 and September 1, 1966. The additional interest for the remaining terms of the Victory Loans is estimated at a total of more than $314 million.

I wonder if the people of this country realize what has taken place, especially when they are now called upon to pay more income tax and increased sales tax of 50 per cent. I have the figures for the various years, but I shall not take up the time of the Senate to read them. I give only the total of more than $314 million. To this amount must be added $30 million by way of premiums paid for the conversion loan. That makes a total loss to the people of this country, by reason of the conversion loan, of about $345 million.

There is a further criticism I would like to express, namely, that the Government has committed the Canadian people to paying rates of 4¼ per cent and 4½ per cent for many years to come; as a matter of fact, in the case of the 4¼ per cent rate it is 17 years, and in respect of the 4½ per cent rate it is 25 years. This means, honourable senators, that even if interest rates fall to the much lower levels which we have known in recent years, the Canadian people will still be obligated to pay 4¼ per cent and 4½ per cent until the stated maturity of the securities. It seems to me and to many others that in agreeing to the highest rates payable on Dominion of Canada bonds, higher than any known by the present generation, the Government would have exercised only elementary prudence in insisting upon a right to redeem these bonds at a reasonable length of time before their stated maturity.

Many may recall the eloquence of the Prime Minister's appeal to the patriotism of the bondholders, the Minister of Finance's sledge-hammer arguments over television and radio, the high-pressure advertising to show that the conversion loan could provide female bondholders with new hats, and the less subtle and more sordid appeal of 4¼ per cent and 4½ per cent coupons as a substitute for the 3 per cent coupons which were attached to the Victory Loans.

Honourable senators, I would like to hear some expression of opinion on this matter, especially when we get into the Finance Committee and are dealing with the threat of inflation. This morning I telephoned the bank, and this is what I learned. The conversion loan bonds bearing 4¼ per cent, maturing in 1972, are priced at 91¾ to 92½, the 4½ per cent bonds, maturing in 1983, are priced at 91¾.

Hon. Mr. Brunt: That is bid price?

Hon. Mr. Reid: That is the price at which the bank tells me they will sell me bonds if I want to buy them. I happened to ask one banker if he was selling many, and he said it was not very encouraging.

Hon. Mr. Aseltine: Why don't you buy some now and make some money?

Hon. Mr. Reid: I don't expect to live until 1983.

Hon. Mr. Brunt: You look very healthy.

Hon. Mr. Reid: I know I do, but I also realize life's limitations.

This brings me to a statement made by Dr. Frank Underhill, which I would ask permission to place on the record. I quote from a news item headed "Politics is not for Politicians":

> "Just as war is too important to be left to the generals", Dr. Underhill emphasized, "so politics is too vital a matter to be left to the politicians."
>
> Canadians, like other mass democracies in Western countries, are escapists from politics. They are prone to hand over the burden of decision-making "to some charismatic leader,"—

That word "charismatic" was a new one to me, and it drove me to the dictionary. It has a very subtle meaning: a leader who believes he is inspired by God.

Dr. Underhill continues:

> —who may claim to be possessed of some kind of mystic charm to work miracles. They only reluctantly turn their attention to political issues at quadrennial elections when they are submerged in a bombardment of advertising propaganda.
>
> Canadians are too disposed to dream happily all the time of Stanley Cup and Grey Cup finals, of nerve-wracking weekends on crowded highways, and of split-level ranch houses.

Hon. Mr. Brunt: It sounds pretty good to me.

Hon. Mr. Reid: I agree with him, and I am glad you do too.

Finally, I want to take a minute or two to point to some expenditures that I believe were not necessary, and which account for the increase of 50 per cent required by the bill now before us. Bear in mind that the estimates alone for this year show an increase of $300 million. It is estimated that old age security this year will cost $22,600,000 more than last year. Since the present administration took office the debt of the country has been increased by over $1 billion. I know we are living in a new age; I know there are tendencies today on the part of people to go into debt and buy something with nothing down, perhaps make the first payment in six months, and go on paying for the next

twenty-five years. Well, when I look at the way the debt is increasing and the state of the finances of the Government, I doubt if the Government will ever reduce any debts from now on.

I would point out that the extra interest on the conversion loan amounted to $64 million, and the expenses in connection with the loan amounted to $71,500,000, or a total of $135 million that could easily have been avoided.

There is one particular expense which causes me some alarm. I refer to the item of estimates for the Canadian Broadcasting Corporation, a body which has been a hobby of mine for many years. How many are aware that the C.B.C.'s expenditures have increased from $25 million in 1957 to $70 million this year? I am one of those who believe no one can tell how much harm or doubtful good television is doing. I was pleased to read the other day a press item about what the honourable Senator Horner's son had to say in the House of Commons Committee on broadcasting. I agree entirely with him. The news item reads:

> Dr. Hugh Horner, Conservative, Jasper-Edson, in the Commons Broadcasting Committee, demanded to know if the C.B.C. utilized any outside mental health advisory council to guide its program policies.
>
> Television was a powerful medium capable of great good, said Dr. Horner. It was also a dangerous medium, capable of "terrific impact" on the minds of Canadian viewers.

I pose this question: Is there going to be no let-up in the ever-more millions that the C.B.C. is allowed to spend? I should have liked to tell the manager of the corporation, had I had an opportunity to be before the committee, that from my investigation the C.B.C. has five employees for every one in the television system in the United States. I went down to the United States and saw their T.V. operation. They were amazed at the numbers that are employed by the C.B.C., where there seems to be no check. I say that as yet we do not know whether television is a thing for evil or for good. I cannot say how it affects honourable senators, but I can tell you how it affects me. I do not seem to be able to remember for a day any programs I have seen. It is pleasant while you are watching, but I am of the opinion that it is taking away the mentality of our people.

Hon. Mr. Brunt: Do you watch it?

Hon. Mr. Reid: Occasionally; I am not that old.

I emphasize what I have said. Increased expenditures have been made which have resulted in increased taxation, and the expenditure on old age security is an example. I want these statements to be placed before the people of Canada because I think they should be warned of where we are drifting in endeavouring to keep up with the Joneses. We are paying a terrific price.

I am also against—and I will frankly say so—paying $60 million into the Colombo Plan. I am one of those people who think it will not mean anything in good will elsewhere. It seems a nice gesture, but trying to keep up with the Joneses, or the United States, might very well bring about serious times in this country.

I know that the red-tie boys, so-called, with the fine cushy jobs will put up an argument that "The natives need this money," but if I were given a blue pencil and the authority I could, I believe, save the country not $500 million but $1 billion.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Higgins, bill referred to Standing Committee on Banking and Commerce.

DIVORCE

BILLS—SECOND READINGS

Hon. Mr. Gershaw, for Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill SD-275, an Act for the relief of Greta Libenstein Goldfeder.

Bill SD-276, an Act for the relief of Andre Maurice Petit.

Bill SD-277, an Act for the relief of Iris Marion Saunders Robbins.

Bill SD-278, an Act for the relief of Eleonora Dudarowa Shukoff.

Bill SD-279, an Act for the relief of Jeannette Belanger Ross.

Bill SD-280, an Act for the relief of Evelyn Isbitsky Goldenberg.

Bill SD-281, an Act for the relief of Salla Weisman Stopnicki, otherwise known as Sally Weisman Stopnicki.

Bill SD-282, an Act for the relief of Ovila Rivet.

Bill SD-283, an Act for the relief of Bella Valinsky Segal.

Bill SD-284, an Act for the relief of Alexander Pavlovich.

Bill SD-285, an Act for the relief of Catherine Anne Gillis Roper.

Bill SD-286, an Act for the relief of John Robertson Low.

Bill SD-287, an Act for the relief of Barbara Ann Foam Armstrong, otherwise known as Barbara Ann Foam Copan.

Bill SD-288, an Act for the relief of Ruth Mary Morgenstern Usher.

Bill SD-289, an Act for the relief of Eddie Ronald Joe Willard.

Bill SD-290, an Act for the relief of Michel Alphonse Dubois.

Bill SD-291, an Act for the relief of Jean Huard DeRoberval.

Bill SD-292, an Act for the relief of Phyllis Ann Applebaum Isenberg.

Bill SD-293, an Act for the relief of Zita May Pardoe McCall.

Bill SD-294, an Act for the relief of Monique Andree Seguin Tyson.

Bill SD-295, an Act for the relief of Bertha Sylvia Berman Maxwell.

Bill SD-296, an Act for the relief of Margery Fletcher Dennis Phillips.

Bill SD-297, an Act for the relief of Margaret Helen Dawson MacKenzie.

Bill SD-298, an Act for the relief of Eleanor Gwyneth Henley Norman.

Bill SD-299, an Act for the relief of Marie Pauline Primeau Landreville.

Bill SD-300, an Act for the relief of Ellen Wilk Tuke.

Bill SD-301, an Act for the relief of Rhoda Lillian Rabinovitch Katchan.

Motion agreed to and bills read second time, on division.

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Gershaw: Next sitting.

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

THE SENATE

Tuesday, May 26, 1959

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

Prayers.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following documents:

Copy of an agreement between Canada and the United States of America for co-operation on the uses of atomic energy for mutual defence purposes, signed at Washington May 22, 1959. (English text).

Copy of a memorandum regarding pilotage on the Great Lakes, dated May 15, 1959, and delivered to Washington on May 16, 1959. (English and French texts).

Report on the activities of the Food and Agriculture Organization of the United Nations for 1958-59, pursuant to section 3 of the Food and Agriculture Organization of the United Nations Act, Chapter 122, R.S. 1952. (English and French texts).

Honourable senators will recall that on May 6 the honourable senator from New Westminster (Hon. Mr. Reid) requested that copies of two reports be produced. One was the Engineering Report of the Boundary Commission on the Columbia River, which was placed before the House of Commons Committee on External Affairs on Thursday, April 23, when copies were distributed; the other was the report of the British Columbia Engineering Company. I have been able to obtain a copy of the first report referred to, that is, the report made to the International Joint Commission by the International Columbia River Engineering Board. I now table this report.

The second report referred to by the honourable senator from New Westminster (Hon. Mr. Reid), that of the British Columbia Engineering Company, has been made available to the Canadian section of the International Joint Commission on a confidential basis. I am informed that this report is not being made public at the present time because it deals with matters at present under negotiation with United States authorities. If and when this report is made public I will endeavour to obtain a copy of it and table it in the Senate.

Hon. Thomas Reid: I thank the honourable leader (Hon. Mr. Aseltine) for the first report, but I am still going to protest at not receiving a copy of the second report and I will explain why I am putting my protest on the record. This report has not been denied to the British Columbia Electric Company—at least, my information is that they have a copy. The B.C. Engineering Company, which is part and parcel of the B.C. Electric Company, received $280,000 of the taxpayers' money for the purpose of making a study, and as the report has been made available to the B.C. Electric Company I think it is an affront to members of Parliament to deny it to them.

Hon. Mr. Macdonald: Perhaps the honourable senator from New Westminster (Hon. Mr. Reid) also could have a copy of it on a confidential basis?

Hon. Mr. Brunt: That would not be of much use to him.

Hon. Mr. Aseltine: I would like to ask the honourable senator from New Westminster, are not the B.C. Engineering Company and the B.C. Electric Company one and the same company? At least, the engineering company is a subsidiary of the other, is it not?

Hon. Mr. Reid: Yes. There is a company called the B.C. Engineering Company, apart from the B.C. Electric Company, and that engineering firm made a report and transferred it to the B.C. Electric Company. Both are under the direction of Mr. Grauer.

Hon. Mr. Aseltine: Is not Mr. Grauer president of both?

Hon. Mr. Reid: I do not think he is. But my information is that he has a copy of the second report.

Hon. Mr. Brunt: Maybe he would lend it to you.

Hon. Mr. Reid: I would like to know why this has been held up for two years. This is a hidden report. I got notice of it from British Columbia House in London, with an excerpt from the engineering report. I gave the Leader of the Government the information I got from London, right out of that report, and I am being denied a copy. The whole thing amounts to a scandal.

Hon. Mr. Aseltine: I assure the honourable senator from New Westminster that I have done my very best to get this report for him, and if and when it becomes available I will get it for him.

Hon. Mr. Reid: We will all be dead before that happens.

Hon. Mr. Brunt: No. You are going to live a long time.

INFLATION

FINANCE COMMITTEE AUTHORIZED TO APPOINT ECONOMIC CONSULTANT

Hon. T. D'Arcy Leonard, Deputy Chairman of the Standing Committee on Finance, presented a report of the committee.

The report was read by the Clerk as follows:

The Standing Committee on Finance, to whom was referred the instruction to study the threat of inflation in Canada, report as follows:

Your committee recommend that they be authorized to retain the services of Professor John J. Deutsch as Economic Consultant, at a *per diem* rate of $100, and expenses.

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

Hon. Mr. Leonard: Honourable senators, with leave of the Senate, I move, seconded by the honourable Senator Haig, that this report be now adopted.

With permission of the house I would like to make a few remarks on the motion for adoption of the report.

First, honourable senators, I should like to express my regret, and I am sure your regret, that Senator Emerson, Chairman of the Standing Committee on Finance, is not with us this evening to present the report. Unfortunately, Senator Emerson's mother died a few days ago and he had to return to Saint John. I know that you join with me in expressing to him our regret and our sympathy.

The report recommends the appointment of Dr. John J. Deutsch as economic consultant to the committee. When the committee met to carry out the instructions given by this house to study the threat of inflation it was, I think, the unanimous feeling of the committee that the subject was so important, and also so complex, that it was desirable to have the assistance of some person well trained, experienced, and knowledgeable in the field of economics. We can consider ourselves very fortunate indeed that we are able to present this report recommending the appointment of Dr. Deutsch.

I might say that it was the senior senator from Winnipeg (Hon. Mr. Haig) who brought forward Dr. Deutsch's name in committee, and as soon as it was mentioned it was enthusiastically received by all, especially those who have had the pleasure of knowing Dr. Deutsch. A good many honourable senators have had the experience of seeing him in action in committees of Parliament, and I think to all of us his name and reputation are very familiar.

Dr. Deutsch was born in Saskatchewan. He was a student at Queen's University and, incidentally, he was a student under Professor Knox, who was our first witness before the Finance Committee this morning. Professor Knox told me today that Dr. Deutsch was a brilliant student. He went on to a very distinguished career in the Civil Service, and I think we can say, having regard to his years and his experience, that he has an even more brilliant career ahead of him. He was in the Department of External Affairs, the Bank of Canada, the Department of Finance, and, latterly, he had been Secretary of the Treasury Board. He attended conferences in London, Washington and Bretton Woods, and he has had as well very great experience in parliamentary committee work here in Ottawa.

Honourable senators will probably have read in the news of the last few days that he has been appointed Vice-Principal of Queen's University. This follows upon the two years he spent as head of the Economics Department of the University of British Columbia, where he went when he left Ottawa.

He is a man of great capacity, with a desire to do public service. He has recently been a member of the Royal Commission dealing with the financial affairs of Newfoundland. He is coming to us because he thinks this is another opportunity to do work in the public service, notwithstanding the fact that because of his recent appointment to Queen's University his own affairs are in a rather difficult state at the present time. I think we are very fortunate indeed in being able to engage him, because of his knowledge and personal qualities, and also because of the fact that he commands the confidence of all those who know him.

Hon. John T. Haig: Honourable senators, as seconder of the motion, I would like to add a word or two. I must say that it has been a most delightful experience to serve on the committee so far. The details have been very carefully worked out and the members of the steering committee have been unanimous in their decisions. We are indeed sorry that the chairman, the honourable senator from Saint John-Albert (Hon. Mr. Emerson), has been unavoidably absent recently, but all the ground work had already been carried out under his capable supervision. The manner in which the steering committee carried out its remaining work is a credit to the deputy chairman, the honourable senator from Toronto-Rosedale (Hon. Mr. Leonard), and to the members themselves. Honourable senators who attended the meeting this morning will have observed the care with which the steering committee has selected the witnesses to be called by the main committee.

I am wholeheartedly behind the appointment of Dr. Deutsch as economic consultant to the committee. Indeed, as the deputy chairman stated, it was I who nominated him.

A few sessions ago the Finance Committee, under the chairmanship of the honourable senator from Churchill (Hon. Mr. Crerar), carried out an inquiry into Government spending. At that time the committee benefited

from the services of Dr. Deutsch, and his work was simply outstanding. It was superb. The best part of it to me—and perhaps this is because I am always thinking along political lines—was that he was able to get the consent of the Minister of Finance of the day to assist the committee. If you confide in Dr. Deutsch you can trust him not to give away any secrets. When those special hearings were concluded I came away with the idea that if the day ever came when I had the opportunity of nominating somebody for a position such as the one we are discussing this evening, that of economic adviser to the Finance Committee, Dr. Deutsch would be my man. Thanks to the acting chairman and the members of the steering committee, Dr. Deutsch's nomination was accepted unanimously. I am sure that of all the galaxy of capable men the Senate has appointed to special assignments, Dr. Deutsch will leave one of the greatest impressions on the members of this house. It is a great delight to me to see him climbing so high in the university life of this country.

Motion agreed to.

INDIANS AND ESKIMOS

REQUEST FOR COPY OF SPEECH BY SOUTH AFRICAN HIGH COMMISSIONER

On the Orders of the Day:

Hon. David A. Croll: Honourable senators, before the Orders of the Day are proceeded with I should like to make a request of the honourable Leader of the Government (Hon. Mr. Aseltine). On Friday, May 22, a Canadian Press dispatch appeared in the Toronto *Globe and Mail,* which read as follows:

> The South African High Commissioner to Canada today compared Canadian policy toward Eskimos and Indians with South African policy toward Negroes.
>
> Robert Kirsten said in a speech prepared for delivery to the Chelsea Women's Club here that apartheid, or segregation of races, is in essence a policy of differentiation of the races.
>
> He said this "is the policy successive Canadian Governments have applied in regard to your Indians and Eskimos".

As the person who made this speech is the South African High Commissioner to Canada, my request of the leader is that he obtain a copy of that speech for me.

Hon. Mr. Aseltine: I will do the best I can to obtain a copy for my honourable friend.

EXCISE BILL

THIRD READING

Hon. William R. Brunt moved the third reading of Bill C-45, to amend the Excise Act.

Motion agreed to and bill read third time and passed.

LENGTH AND MASS UNITS BILL

THIRD READING

Hon. W. M. Aseltine moved the third reading of Bill S-20, to amend the Length and Mass Units Act.

Motion agreed to and bill read third time and passed.

WEIGHTS AND MEASURES BILL

THIRD READING

Hon. Mr. Aseltine moved the third reading of Bill S-21, to amend the Weights and Measures Act.

Motion agreed to and bill read third time and passed.

CUSTOMS TARIFF AND NEW ZEALAND TRADE AGREEMENT BILL

THIRD READING

Hon. Lionel Choquette moved the third reading of Bill C-44, to amend the Customs Tariff and The New Zealand Trade Agreement Act, 1932.

Hon. Wishart McL. Robertson: Honourable senators, I enjoyed, more than I can say, the discussion on this bill which took place on second reading, and had it not been for the lateness of the hour I would have ventured to participate in the discussion. Since it was not opportune at that time, I thought possibly the house might give me the privilege of making a few observations now.

This bill, as honourable senators know, was exceedingly well presented by the mover (Hon. Mr. Choquette). As to its details, I have no particular reference to make. However, I wish to refer to one feature to which the honourable senator drew our attention, which was not entirely new as far as this particular bill is concerned, but nevertheless was a significant feature that has been developing recently, and from my point of view a very hopeful one. It is this, that as matters stand—largely as a result of the influence and thinking the world over, following the action of a great many countries of the free world which subscribed to the General Agreement on Tariffs and Trade—any upward movement or any change in the tariff structure is undertaken only after very careful consideration of all its details and negotiations with the countries particularly affected, and in addition, generally some *quid pro quo,* as it were, or some other compensating benefits given to the party or parties concerned.

I think that is a very significant development of this age and generation, because it means this—and it may be even more significant to us in the future than at the present moment—that whenever, for one reason or another, the industries or businesses of a particular country find themselves affected seriously or otherwise by competition from without, it is far from easy to secure the relief which there had been in the past of an arbitrary increase in the tariff, or quotas, or anything of that kind. I think it comes out of the experience of the free world in general that this ridiculous and absurd idea of increasing tariffs and restricting the free movement of international trade should be minimized, or at least curtailed as much as is humanly possible, in this uncertain world. I say that because we have to bear in mind that if, as and when this country, or indeed any other country that has our kind of economy, experiences undue competition from without, generally speaking, those affected cannot look for any substantial relief by way of protection. It must come in some other way, and I submit that other way is by reducing costs of production down to a competitive basis. I will refer to that again in a moment.

I wish now to refer to some of the discussion which arose on second reading of this bill, bearing in mind, Mr. Speaker, that you are always very lenient with us, for what I wish to say may not particularly pertain to the bill, but nevertheless it has a very direct bearing. I say without any hesitation whatever that I believe the viewpoint expressed by the honourable senator from Churchill (Hon. Mr. Crerar), the senior senator from Ottawa (Hon. Mr. Lambert), and the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) with respect to the primacy of the interest of the consumer in any economy, was absolutely right. The more I have read and thought about it, the more convinced I am. May I point out to them, however, that I doubt very much if we who think that way are not in the great minority, perhaps even in this house, and certainly in the country generally. I suggest that in Canada today there is practically no consumer consciousness whatever. The producer with brain or brawn is king. Governments at all levels are dedicated to their welfare. The treasuries of all governments at all levels, in the main, are open to them. Almost all, if not all, are subsidized directly or indirectly by the taxpayer or consumer. The consumer in Canada today is Canada's forgotten man.

As a result of a suggestion made to me recently, I have had the pleasure of reading a most interesting book. Perhaps I have not read it in as much detail as I should have done, but at least I browsed through it. This book was written by a very distinguished public man, Ludwig Erhard, Minister for Economic Affairs of Germany, who indeed is generally expected to succeed Dr. Konrad Adenauer as Chancellor of Germany.

Every page of the book reflects the faith of that very distinguished public man in the desirability and necessity of making the consumer's viewpoint the matter of primary national interest. Western Germany's great recovery of recent years is generally attributed in large measure to the constructive and courageous viewpoint and attitude which he has taken and the extent to which he has enlisted the overwhelming support of the German public.

I would say that in Western Germany today the consumer is king. Public opinion has dealt most rigorously with the producer and his employee alike, if the public thought there was an undue increase in prices. Any tendency toward monopolies or cartels, or anything to maintain or increase the price of articles that are being produced, or any tendency on the part of employees to aid or abet it have come under most drastic and rigorous condemnation.

Mr. Erhard has made it part and parcel of his whole program to keep the cost of living down and the costs of production down, and the cardinal principle of all is to maintain the value of the currency. He has felt that the interests of the individual, whether he lives on a fixed or variable income, are paramount.

I noticed another very definite attitude which he took in 1955, I think it was, when the Allies withdrew the restriction that they had made on the manufacture of armaments in Germany. He took a most definite stand that while he did not refuse to have armament manufactured—I am speaking now not from a political but from an economic point of view—he took the view that he did not want the corresponding inflationary increase to become part and parcel of the economy, and he advocated that financing of rearmament should be done exclusively by transferring purchasing power through taxes. That shows the extent to which he has rigorously maintained a quite different viewpoint from that which today exists in Canada.

I would say, honourable senators, that today the economy of Canada and that of Germany are diametrically opposed. The question arises, and will undoubtedly be answered as time goes on, Are we right or are they right? Personally I believe they are right and we are wrong, and when I say "we" I am referring to Canada and the United States because, broad and long, our economies,

as honourable senators know, are meshed. I believe, honourable senators, that the time when we will realize that we are not right is not far away. I think there are already many evidences of it and more will be forthcoming before very long.

In his effort to keep costs down the Minister of Economics of Germany, as his book *Prosperity Through Competition* indicates, adopted other measures as well. One of the first steps was to bring in the benefit of competition from outside its own borders, and so you have a country of 50 million people overcoming the greatest obstacles that you can imagine in entering into an economic union with five other European countries, at least one of which, France, had been a traditional enemy and as far removed from Germany as it is possible to think of two countries being. Germany did not think that 50 million people was a large enough unit to manufacture economically and so it sought to increase the trading area to one of 170 million, which, honourable senators will notice, approximates the population of the United States of America.

Progressively, over a period of fourteen and a half years, all trade obstacles will be removed, and the benefits of mass production will come to all concerned, not only for the individual from a cost-of-living point of view, but of course tremendously increasing their ability to export.

I say that, honourable senators, because in this world of economic blocks that is developing—one of 170 million in Western Germany *et al*, another one with a likelihood of 130 million around Britain, the United States of America with 175 million—I personally believe that Canada with 17 million people is in a hopeless position. I do not think that our export industries, based largely on our resources, will for some time feel the severe competition that is likely to come from Soviet Russia, but I suggest to this house that our secondary industries, if they are not already feeling it, are going to feel it in a very serious way.

I come back to what was said by one of my honourable friends, that there is very little likelihood that you can easily secure protection by increasing the tariff.

I want to refer briefly to some remarks made during the debate on this bill, and then I will close.

The honourable senator from Westmorland (Hon. Mr. Taylor) very properly supported the theory that the agriculturist is entitled to his share of the protection extended to industry, in view of the fact that the United States, which is his chief market, has as high or a higher tariff against his products.

The honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) said:

> Many a manufacturer in Ontario has said to me: "If I could sell into the American market free of duty I would be perfectly happy to have the American manufacturer come into the Canadian market free and I will compete with him successfully. But my trouble is that because I am unable to get into the American market either free or at a reasonable rate of duty, I could not remain in business in Canada with our restricted market without reasonable tariff protection."

I do not know anything about the origin of that statement, but to me it sounds a very reasonable one.

I am going to make a prediction, honourable senators, which may or may not be borne out, that within the not-too-distant future Canada must inevitably take the initiative in trying to enter into a larger trading area. I do not think we can possibly meet the competition from outside unless our manufacturers enjoy the advantages of mass production. My prediction is that we will take the initiative in seeking a definite tie-up with some other territory—the one that comes first to mind is the United States—on the same basis as France and Germany are tied together, with the progressive removal of tariffs over a period of roughly fourteen and a half years. I believe the Canadian manufacturer will have to take the initiative in developing such an arrangement with the United States. It will not come, as it might have come a few years ago, from the agriculturist. The agriculturists—and I do not blame them—are pinning their faith on Government supports. But the manufacturers in our domestic secondary industries are in an impossible position unless they can get larger markets. I suggest that this is what will happen, and it will come before we are much older. As far as I personally am concerned, I would be happy to see such a development, but I repeat what I said earlier, I would rather see Canada tie up with all her NATO partners than with only one.

Motion agreed to and bill read third time and passed.

DIVORCE

BILLS—THIRD READINGS

Hon. Mr. Gershaw, for Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill SD-275, an Act for the relief of Greta Libenstein Goldfeder.

Bill SD-276, an Act for the relief of Andre Maurice Petit.

Bill SD-277, an Act for the relief of Iris Marion Saunders Robbins.

Bill SD-278, an Act for the relief of Eleonora Dudarowa Shukoff.

Bill SD-279, an Act for the relief of Jeannette Belanger Ross.

Bill SD-280, an Act for the relief of Evelyn Isbitsky Goldenberg.

Bill SD-281, an Act for the relief of Salla Weisman Stopnicki, otherwise known as Sally Weisman Stopnicki.

Bill SD-282, an Act for the relief of Ovila Rivet.

Bill SD-283, an Act for the relief of Bella Valinsky Segal.

Bill SD-284, an Act for the relief of Alexander Pavlovich.

Bill SD-285, an Act for the relief of Catherine Anne Gillis Roper.

Bill SD-286, an Act for the relief of John Robertson Low.

Bill SD-287, an Act for the relief of Barbara Ann Foam Armstrong, otherwise known as Barbara Ann Foam Copan.

Bill SD-288, an Act for the relief of Ruth Mary Morgenstern Usher.

Bill SD-289, an Act for the relief of Eddie Ronald Joe Willard.

Bill SD-290, an Act for the relief of Michel Alphonse Dubois.

Bill SD-291, an Act for the relief of Jean Huard DeRoberval.

Bill SD-292, an Act for the relief of Phyllis Ann Applebaum Isenberg.

Bill SD-293, an Act for the relief of Zita May Pardoe McCall.

Bill SD-294, an Act for the relief of Monique Andree Seguin Tyson.

Bill SD-295, an Act for the relief of Bertha Sylvia Berman Maxwell.

Bill SD-296, an Act for the relief of Margery Fletcher Dennis Phillips.

Bill SD-297, an Act for the relief of Margaret Helen Dawson MacKenzie.

Bill SD-298, an Act for the relief of Eleanor Gwyneth Henley Norman.

Bill SD-299, an Act for the relief of Marie Pauline Primeau Landreville.

Bill SD-300, an Act for the relief of Ellen Wilk Tuke.

Bill SD-301, an Act for the relief of Rhoda Lillian Rabinovitch Katchan.

Motion agreed to and bills read third time and passed, on division.

INCOME TAX BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. Gunnar S. Thorvaldson moved the second reading of Bill C-48, to amend the Income Tax Act.

He said: Honourable senators, after having been dealing with such interesting subjects as the customs tariff and divorce, I hope you recognize the reluctance with which I commence to deal with such a dull and mundane subject as our income tax laws.

Hon. Mr. Brunt: Not very dull, rather sharp.

Hon. Mr. Thorvaldson: As members of this house are well aware, there is presented to each session of Parliament a bill containing various amendments to the Income Tax Act. At times the bill is quite lengthy; sometimes it is not so extensive. This amending bill is not, at least in size, as bulky as some of its predecessors. I was wondering if any honourable senators would make snide remarks when I refer to the size of the bill by pages. I am happy to note that none have been made.

Hon. Mr. Hayden: We will do better as you go along.

Hon. Mr. Thorvaldson: Such amending bills frequently contain technical amendments to various sections, in the interest of more effective administration of the income tax laws, and not infrequently these changes result from decisions of the courts during the preceding year. Sometimes the proposed changes have the effect of plugging loopholes through which legitimate revenue is lost; in other cases they are ameliorative to the taxpayer. Frequently changes result from court decisions which create unintended hardships to the taxpayer. Many of the provisions of the bill now before us are helpful to the taxpayer.

This bill contains 28 clauses. I am sure honourable senators understand fully the problem faced each year by the sponsor of a bill of this nature in giving an explanation of the amendments on the motion for second reading. Most bills, and frequently amending bills, can be said to have some particular principle running through them, but that can hardly be said of a bill to amend the Income Tax Act where most of the sections deal with wholly different phases of the income tax law. Consequently, the sponsor of this bill has to go through a selective process of determining for himself how general or how specific he should be in his remarks in this house concerning the bill. However, for the reason that such a bill always goes to committee for detailed examination, I propose to deal with it in as general a way as possible, perhaps omitting any reference to some sections, particularly those of an administrative character. On the other hand, if any honourable senator would like to ask a question relative to an omitted section I will be glad to try to explain it.

Hon. Mr. Macdonald: I hope you will not miss the sections which are helpful to the taxpayer.

Hon. Mr. Thorvaldson: I am going to dwell on them at great length.

Hon. Mr. Hayden: That is when you will sing in a high key.

Hon. Mr. Thorvaldson: I will not be dealing with the sections seriatim, but rather with those phases of the bill generally where, in my opinion, the public interest is most affected.

I will begin with the bad news, namely, the tax rates, and I will deal first with those respecting individuals. The income tax rates for individuals are increased for the 1959 taxation year by one percentage point, and for the 1960 and subsequent taxation years by two percentage points, on taxable incomes in excess of $3,000. The estimated revenue increase from this change is $25 million in the 1959-60 fiscal year, and $45 million in a full year.

In respect of corporations, the corporation tax rates are increased from 45 per cent to 47 per cent on taxable incomes in excess of $25,000.

Hon. Mr. Macdonald: Would it be possible for the honourable senator to refer to the clauses of the bill?

Hon. Mr. Thorvaldson: Yes, I will refer to the clauses as I go along, if you would like me to do so.

Hon. Mr. Macdonald: It might be helpful.

Hon. Mr. Thorvaldson: There is no increase in the tax on corporation incomes under $25,000. There is, of course, in the bill amending the Old Age Security Act, but that is not this bill. This increase is applicable to the 1959 taxation year, and for corporations with a taxation year, part of which is before and part of which is after the commencement of 1959, namely, where the taxation year straddles January 1, 1959—

Hon. Mr. Hayden: Did you say before and after?

Hon. Mr. Thorvaldson: Yes; that is, when the taxation year of a corporation straddles—

Hon. Mr. Hayden: It either commences before or after. It cannot be both.

Hon. Mr. Thorvaldson: If I may go on I will explain it. A special formula is provided in the amending act for the purpose of taking care of that situation. Under the formula the tax will be pro-rated. I think that is the point that the honourable senator was referring to. The tax will be pro-rated to the number of days falling into the 1958 and 1959 calendar years.

Hon. Mr. Hayden: No, I was not referring to that.

Hon. Mr. Thorvaldson: Analogous changes in the rates are provided in section 85 of the Income Tax Act concerning electric, gas or steam utilities.

I have been referring there to clauses 13 and 22 of the bill.

The expected increase in revenue from these corporation tax increases is, for the fiscal year ending March 31, 1960, $32 million, and for a full year, $56 million.

Hon. Mr. Hayden: Is the old age security tax increase figure included in that figure?

Hon. Mr. Thorvaldson: No, the old age security figures are not included in the Income Tax Act. As the honourable senator will recall, they are dealt with in another amending act which was before the house a few days ago.

The old age security tax is one per cent on incomes up to $3,000. Perhaps I might digress on that for just a moment to bring honourable senators up to date. The old age security tax was two per cent on the first $3,000 of taxable income, and in 1959 that is increased by one-half of one per cent. In other words, the tax rises in 1959 from $60 a year to $75 a year, but in 1960 the old age security tax increases from two per cent to three per cent on the first $3,000 of taxable income, and, therefore, it becomes $90 on $3,000, and that is the maximum.

Hon. Mr. Brunt: That is for a full year?

Hon. Mr. Thorvaldson: Yes, and similarly with corporations the old age security portion of the corporation tax was dealt with a few days ago in the amending act.

I turn now to various other items affecting individuals. Medical expenses—

Hon. Mr. Brunt: Which clause is that?

Hon. Mr. Thorvaldson: That is clause 8 (1), on page 5 of the bill. Certain items referred to in clause 8 (1) of the bill are added to the items deductible as medical expenses. Honourable senators will recall that a year ago certain items were added to the list of deductible expenses, and the present bill increases again the number of such items. The items that are added are referred to in clause 8 (1), namely, an artificial limb, iron lung, rocking bed for poliomyelitis victims, wheelchair, crutches, spinal brace—

Hon. Mr. Hayden: No, they are just the underlined items.

Hon. Mr. Thorvaldson: Yes, I am sorry—

Hon. Mr. Macdonald: You are reading the section as amended.

Hon. Mr. Thorvaldson: Yes, I wish to retract that. The added items are those which are underlined, namely, rocking beds for poliomyelitis victims, crutches, iliostomy or colostomy pads, and trusses for hernia. There are four items which are added to the previous list.

Another amendment, clause 8, subclause 2, provides that medical expenses will not include amounts which the taxpayer does not have to pay because they are paid under a provincial hospital insurance plan. That clause evoked considerable discussion in the other place. Honourable senators may recall that heretofore even if a person was insured for hospitalization by a private agency and he subsequently had his hospital bills paid for him by such private agency, he was entiled to include as medical expenses the amount so paid. The present amendment provides, in effect, that there shall not be included in the deductible medical expenses any expenses for which the taxpayer has been reimbursed or is entitled to be reimbursed under a law of a province with which the federal Government has entered into an agreement providing for the payment by Canada of contributions under a provincial hospitalization plan.

Hon. Mr. Reid: How many provinces come under that plan?

Hon. Mr. Thorvaldson: Ontario, Alberta and Saskatchewan. Actually there are more provinces that come under the hospitalization scheme.

Hon. Mr. Euler: Do the citizens contribute to the scheme?

Hon. Mr. Thorvaldson: Yes. Three provinces finance their scheme by direct contributions from their citizens. These are akin to premium payments. The remaining provinces finance their share of the cost of the hospitalization plan through a sales tax.

Hon. Mr. Savoie: What about New Brunswick?

Hon. Mr. Thorvaldson: There the individual has to pay a direct contribution. This is the case in Manitoba and Ontario also.

Hon. Mr. Wall: May I ask a question at this point?

Hon. Mr. Thorvaldson: Yes.

Hon. Mr. Wall: In Manitoba we had our own co-operative scheme under which all the citizens belonged and paid premiums to an organization like the Blue Cross. Their hospital expenses, which were paid by the Blue Cross, were deductible as medical expenses.

Hon. Mr. Thorvaldson: That is right.

Hon. Mr. Wall: The situation in Manitoba now is, in essence, that the citizen pays half of the premium and the province pays the other half. Should not that citizen, in equity and justice, be entitled to deduct at least half of his medical expenses for income tax purposes?

Hon. Mr. Euler: That is the point.

Hon. Mr. Thorvaldson: That is a matter of argument, and that is the change being made in this bill. In effect the amendment provides that there shall not be included in the deductible medical expenses any expenses for which the taxpayer has been reimbursed or is entitled to be reimbursed under a law of a province with which the federal Government has entered into an agreement providing for the payment by Canada of contributions under a provincial hospitalization plan.

It is deemed that it would be anomalous to allow taxpayers to deduct amounts as medical expenses which do not impose upon them any sudden or heavy burden because they have been paid for out of the Government insurance fund. I think honourable senators will recall that the theory behind this whole scheme of allowing hospital expenses as a deduction was that so often there were cases of sudden and real hardship where people were involved in the payment of very large hospitalization costs. However, it is something else when those costs are paid for them, even by an insurance company. I must say I always thought it was somewhat of an anomaly that the taxpayer was entitled to claim a deduction of, say, $500 or $1,000 as medical expenses when they were paid for him by an insurance company. Nevertheless, that practice was followed.

Hon. Mr. Hayden: That was because the statute provided that the taxpayer or his legal representative could claim the deduction.

Hon. Mr. Thorvaldson: That's right.

Hon. Mr. Hayden: And the insurance company could be his representative.

Hon. Mr. Thorvaldson: That is right. The law provided for it and it was quite properly done, but now we are making this change and there is this to be said in favour of it. Since the proposed amendment will reduce the amount deducted as medical expenses, it is expected that personal income tax revenue will be increased by about $3 million in 1959-60, and by about $9 million in a full year. Against that, it should be recalled that in this year the federal Government will pay $160 million to assist provincial hospitalization schemes. As I say, there was some debate in the other place in regard to this proposed change, and perhaps there may be some discussion here as to whether it is good or bad.

I come now to another topic, which I refer to as death benefits. The present act provides that where a taxpayer dies and his employer pays to his widow or dependents a certain amount as a benefit or gratuity, any such amount is exempt from income taxation at the present time up to an amount equal to the employee's remuneration of the last 90 days in the office or employment.

Hon. Mr. Savoie: What clause is that?

Hon. Mr. Thorvaldson: Clause 28. The practice has often been for an employer to pay as a gratuity anything up to a full year's salary to the widow or dependents of a deceased employee. Take the case of an employee who was earning, say, $1,000 a month. If the employer paid his widow or dependents three months' salary as a gratuity, it would amount to $3,000, which would be tax exempt. By the proposed amendment that exemption is increased to an amount equal to the remuneration of the employee for the last 12 months in the office or employment, or the amount of $10,000, whichever is the lesser. The reason for the alternative figure of $10,000 is this. If a man was earning $40,000 a year, three months' salary would amount to exactly $10,000, and the two amounts would coincide. However, if a man was earning $100,000 a year, three months' salary would come to $25,000. That would be a pretty big exemption. But the clause is in general very beneficial, because instead of the exemption being limited to three months' salary it will now be twelve months' salary or $10,000, whichever is less.

Hon. Mr. Macdonald: Would it be subject to the estate tax?

Hon. Mr. Thorvaldson: Yes, it would be subject to the estate tax, but not to income tax. Therefore I say this amendment is beneficial, or will be beneficial, to a great number of taxpayers.

Hon. Mr. Brunt: Could the honourable senator give us any idea how much revenue the Government would lose on account of this amendment?

Hon. Mr. Thorvaldson: No, I have no estimate of that.

Hon. Mr. Hayden: I would think none. It would have the effect of balancing out the two groups.

Hon. Mr. Thorvaldson: I think it would have the effect of balancing out the two groups under this amendment.

Hon. Mr. Macdonald: That would be helpful to the taxpayer.

Hon. Mr. Aseltine: The $25,000 would be reduced to $10,000?

Hon. Mr. Thorvaldson: In the case of a person receiving a salary of $100,000, and whose employer paid the widow or other dependent $25,000, that would now be reduced to a tax exemption of $10,000, which is the maximum tax exemption under this amendment.

I come now to portable pension plans, under section 12, subsection 1. If an employee leaves his employment where he has been a member of a pension plan, or if the pension plan is wound up, he usually receives a lump sum representing a return of his contributions into the plan, and in some cases this will include part of the employer's contribution on his behalf as well. Under the present law this lump sum is liable for tax under a certain formula contained in section 36 of the act. The amending bill provides that amounts received from pension plans upon withdrawal from employment, or winding up of a plan will not be taxable if contributed to another pension plan or to a registered retirement plan, provided this is done within the year or within 60 days after the end of the year.

Hon. Mr. Brunt: That is for an individual?

Hon. Mr. Thorvaldson: Yes, that is for an individual.

Hon. Mr. Hayden: Can the honourable senator say whether or not what is now being given statutory effect has been observed as a matter of departmental practice for a while?

Hon. Mr. Thorvaldson: Yes, this has been observed as departmental practice, but I doubt very much if it was proper to do so under the law as it has stood. However, I deem this to be a very useful, alleviating amendment, and to say the least it legalizes a practice that has been in effect.

I come now to section 2 of the bill, dealing with group insurance policies. It is well known that the proceeds of group life insurance plans, like the proceeds of other life insurance policies, are not subject to income tax. Consequently, the payment of premiums by an employer on behalf of his employees in a group plan provides a financial benefit that has an ascertainable market value. Hitherto that benefit has been free of tax. In this bill it is proposed that only that part of a premium paid by an employer that goes to provide life insurance coverage in excess of $25,000 will be brought into account for tax. Any benefit that an employee receives from an employer by payment of a premium into a group policy, where the policy for that employee has a face value not in excess of $25,000, will be exempt from tax, but any payment made by an employer above the face value of a policy of $25,000 will fall into tax.

Hon. Mr. Macdonald: Previously the premium paid on a policy in excess of $25,000 was exempt?

Hon. Mr. Thorvaldson: Yes.

Hon. Mr. Hugessen: There was no limit?

Hon. Mr. Thorvaldson: No.

This will leave untouched all those employees whose group life insurance coverage is less than $25,000. This change does not come into effect until 1960. Clause 2 of the bill, in which this amendment appears, seems to be quite complicated. However, the complication in the wording consists entirely of a description of the method of computation of the amount of the premium involved in various cases. There are various problems in computing the premium over a lifetime, because the premium for a person aged 25 is entirely different from the premium for a person aged 50 or 60 or over.

Hon. Mr. Hayden: It looks as if one needs to be an honour graduate in mathematics.

Hon. Mr. Brunt: Or in commerce and finance.

Hon. Mr. Thorvaldson: Some other amending sections appear in the bill regarding personal income tax matters, but these are of a comparatively routine nature and will no doubt be discussed in committee.

I turn now to some items concerning corporations.

Hon. Mr. Macdonald: May I ask if there are any increases in the income group you have mentioned?

Hon. Mr. Thorvaldson: No, there are really no increases. There is no taxation involved in the sections I am not referring to. Most are administrative changes, and I do not refer to them here because they are matters of detail which I am sure we can discuss much better in committee. Some are of a technical nature, but none of them is of any great importance, except the ones I am now going to deal with.

I wish to deal now with some other items affecting corporations. I do not propose to deal in detail with many of the amendments affecting corporations. Honourable senators will remember that a year ago the income tax amending bill contained quite extensive provisions in regard to tax procedures relative to amalgamated corporations. These provisions are subject to a further slight amendment in the present bill.

Other amendments affecting corporations refer to matters involving share transfer and listing fees, these now becoming a deductible item of expense. The reason for this amendment is as follows. In a case before the courts a question arose as to whether share transfer expenses and expenses of the registrar, fees for listing shares, and so on, were a proper item of exemption for income tax purposes, and the courts held that in so far as the expense was not for the purpose of earning an income it was not a deductible expense. That has now been cured by this amendment, and the effect of it is simply to add a new subsection exempting such expenses from tax.

Hon. Mr. Hugessen: Has not the departmental practice up to now been to allow these expenses?

Hon. Mr. Thorvaldson: Yes. Probably ever since the beginning of corporation taxation the departmental practice had been to allow these fees, which certainly seems to be a common-sense practice. Nevertheless, the court held that they were not a proper expense to be exempted from tax, and this amendment is simply a correcting measure.

Hon. Mr. Connolly (Ottawa West): May I ask who took the appeal?

Hon. Mr. Thorvaldson: I can tell you the case involved Distillers Corporation-Seagrams Limited, and I presume it was the objector in the original case, but who took the appeal I do not know.

Hon. Mr. Brunt: It must have been the taxpayer.

Hon. Mr. Thorvaldson: In fact, I do not even know which court heard the case.

Hon. Mr. Hayden: It was heard in the Exchequer Court.

Hon. Mr. Connolly (Ottawa West): The only reason I ask who appealed is this, that if departmental practice for years on end has been to allow these as expenses, why should the taxpayer be appealing?

Hon. Mr. Thorvaldson: It may have been one small item among a lot of others. I imagine the case involved more than the matter of transfer fees.

Hon. Mr. Hayden: I think it was an *obiter* in a judgment that dealt with many other things.

Hon. Mr. Thorvaldson: I accept the honourable senator's statement; I think the judgment did deal with a number of other things.

Hon. Mr. Hugessen: I think the dispute between the department and the company was in regard to the method of computing these exemptions, and the resulting judgment cast doubt upon the whole business, and that is the reason for the amendment.

Hon. Mr. Thorvaldson: Honourable senators, I have been earlier referring to some of the more minor items which are involved in this bill. It also involves the matter of undistributed income of subsidiary corporations—that is clause 25—and there are minor amending provisions regarding non-resident-owned investment companies, what we usually refer to as N.R.O. companies. That is clause 18 (1).

Also, in clause 9 (1) there is a reference to life insurance corporations. This applies to a case where a provincial life insurance corporation becomes a mutual, a case not covered in previous amendments which were made to the British and Canadian Insurance Companies Act some years ago in regard to the mutualization of insurance companies. Then there is an amendment in regard to taxation of Crown companies. But, as I say, these amendments are not of any great moment in respect to any principle being involved in them.

Hon. Mr. Brunt: Would the honourable senator deal with clause 19?

Hon. Mr. Thorvaldson: Now that my honourable friend has asked me to do so, I will try to deal with clause 19.

Clause 19 refers to what is known as foreign business corporations, and the section of the Income Tax Act concerned is section 71. This amendment, as some honourable senators are aware, occasioned considerable discussion in the other place, and consequently I think it would be appropriate for me to make some remarks in regard to it here.

Section 71 of the Income Tax Act authorizes a corporation which complies in its method of doing business with certain provisions set forth in that section to be designated as a foreign business corporation. Such a corporation is merely required to file a return for each year in prescribed form and pay an annual fee of $100. No other tax is payable under the act in respect of such a corporation.

A prime provision in regard to such a corporation is, of course, that it shall not carry on business in Canada, although it is authorized to locate an office here and engage in certain management and other functions designated in the act, namely, in section 71.

I am informed that this provision of the Income Tax Act, allowing a corporation to be classed as a foreign business corporation, dates from the time when there was no provision for a credit for foreign taxes paid, nor any provision for tax freedom on dividends from foreign subsidiaries. Canadian corporations may now obtain a credit for taxes imposed by foreign Governments on their operations abroad, or if they own or control subsidiaries abroad to the extent of owning at least 25 per cent of the shares they may bring dividends from those subsidiaries back to Canada free of Canadian tax. In view of these provisions it is apparently deemed that there is no longer any need for Canadian corporations to use the foreign business classification in order to carry on operations abroad.

Presumably any Canadian company which is now classified under the act as a foreign business corporation and carrying on business within the provisions of section 71 of the act no longer require such classification for the purpose of carrying on its business. It should be made clear, however, that no Canadian corporation presently enjoying this classification is affected by this amendment. The companies will carry on exactly as they did before.

I should explain that the whole purpose of the amendment is simply to discontinue the designation or classification of any Canadian corporation as a foreign business corporation.

Hon. Mr. Brunt: Why?

Hon. Mr. Thorvaldson: Well, that is a matter of argument.

Hon. Mr. Brunt: I do not want to argue, I just wanted the reason.

Hon. Mr. Thorvaldson: I am giving you the explanation.

Hon. Mr. Hayden: My honourable friend is being as mysterious as they were in the other place.

Hon. Mr. Thorvaldson: I am giving you the explanation that I believe is appropriate.

A further explanation that was given in the other place in regard to this clause of the amending bill is that it is deemed that this section may be resulting in tax avoidance; or that it may result in Canada becoming subject to attack by other countries as a tax haven. Under either or both of those conditions it is thought desirable that there should be no further classification of Canadian companies as foreign business corporations until the tax position of all such companies can be thoroughly scrutinized. Honourable senators, that is the explanation I have been given in regard to clause 19.

In other more general provisions of the bill, the one which I believe is of sufficient importance to refer to is clause 14(1), whereby the time limit for the service of notice of objection against an assessment is extended from 60 to 90 days.

There are, further, a few other general provisions in this amending bill which I believe can best be examined in committee.

Hon. Salter A. Hayden: Honourable senators—

Hon. Mr. Brunt: Not too long.

Hon. Mr. Hayden: —I will try to confine my remarks within a reasonable compass.

Having regard to some of the introductory remarks which my friend from Winnipeg South (Hon. Mr. Thorvaldson) made, I would like to make a comment or two on those, and then deal with several of the proposed amendments in the bill.

My friend of course showed a rare selection in his choice of phrases and expressions, particularly in talking about an income tax bill as being favourable to the taxpayer. I would think that a more appropriate statement might be that in some respects the provisions are less onerous.

Hon. Mr. Brunt: Even that is helpful.

Hon. Mr. Power: That is tyrannical.

Hon. Mr. Hayden: My friend was optimistic in some of his observations. I would like to have his assurance, if I could, in respect to one item with which he dealt. In his explanation he said that the tax rate was increased on the individual, and he gave the effect of it as being 1 per cent for 1959 and 2 per cent for 1960 and subsequent taxation years. I would like to feel that he was giving, even in a subtle way, an assurance that, as far as individuals are concerned, the rate was not going to increase beyond the 2 per cent for 1960 as provided by this amending bill.

Hon. Mr. Thorvaldson: I would hope you would not be so cruel as to pick that one out.

Hon. Mr. Brunt: Probably it will be reduced.

Hon. Mr. Hayden: I wish to deal with two main questions: one having to do with medical expenses, and the other with section 71, which my friend in his adept way explained to his own satisfaction, if not to mine or that of some other senators. To some extent he used the reasons given by the Minister of Finance, and I think in one or two particulars he added a few additional reasons which are quite obvious to any person who reads the Income Tax Act.

May I deal first with medical expenses. At the present time and before the hospitalization plan came into force, if I paid a premium and subscribed to a policy which would reimburse me for expenses laid out for a period in hospital I was entitled to deduct, if I satisfied the medical formula in the Income Tax Act, my hospital expenses within that prescribed range. In order to get the benefit from the insurance company I had to pay the premium. The only difference now is that the federal authority has intervened in relation to certain plans for hospitalization. This amendment to which my friend referred deals with the situation where the federal authority makes a contribution to the plan of hospitalization in a province, as a result of which, if a person is hospitalized his expenses within the limits of that plan are paid out of contributions, in some provinces at least, made by the federal authority and by the person himself. But my friend knows, and it must be appreciated generally, that the federal Government has not a gold mine in its backyard from which it scoops up money and makes contributions for such purposes. There is only one way in which the federal authority can get money, and that is by collecting it from the taxpayer. The provincial authority also collects from the taxpayer, but it has the additional advantage that it can turn to the federal authority for payments.

But to me the positions seem to be about the same. Whether I pay a premium for hospitalization insurance, or whether I pay taxes to enable the federal authority to make a contribution, to me it is exactly the same thing, and it is a refinement to suggest otherwise. Although the federal authority contributes some percentage of the hospitalization cost, under a plan to which the federal authority is a contributor, why should I not be entitled to take that into my medical expenses for income tax purposes?

Now, I say there is no principle of law involved in it, if you accept the theory that the taxpayer is providing the money for the hospitalization plan. In the first instance, if he takes out a policy he is providing the money to pay for it. In the second instance he is providing a portion of money to be paid directly to the plan, and to the extent that that is not enough, and to the extent that the federal authority agrees to contribute, he, as a taxpayer, is contributing some amount to the cost of that plan. I think it a perfectly reasonable statement to make, that one of the reasons why taxes are increased by this bill, as they have been in other bills—and they are increased in relation to the individual as well as to the corporation—is just for the purpose of providing funds required to permit the federal authority to contribute to this plan.

Hon. Mr. Brunt: Is not the honourable senator overlooking a very important feature about hospital expenses, in that originally a deduction was granted to protect people from what might be called financial catastrophe? The taxpayers do not face that situation under

the hospital scheme, and that is a very good reason for removing the deduction.

Hon. Mr. Hayden: My friend has suggested an explanation which in my opinion, and with all due respect, limps very badly, because you have to get down to the basis of the thing. It is all very well to give a reason which actuated the federal authority in the first instance to allow a medical expenses exemption, which was to assist people who were faced with a medical emergency. But all people are not faced with such an emergency. This deduction was extended to taxpayers who qualified by having medical expenses, within a given period of time, in excess of a certain base percentage of income.

Hon. Mr. Brunt: Three per cent.

Hon. Mr. Hayden: Up to a certain amount they were entitled to deduct medical expenses for income tax purposes. Whatever the reasons were, those reasons have now been lost in the proposed enactment to amend the act.

Hon. Mr. Thorvaldson: I do not agree that the reasons have been lost sight of.

Hon. Mr. Hayden: My friend will have an opportunity to disagree in reply. If in the meantime he wants to state a question, he may do so, but at the moment I am not the least bit interested in his voicing his disagreement. I would expect he would try to present as good an argument as he can in answer to what I am now saying. In the meantime I am trying to make as clear as I can to the Senate that, as a matter of principle, the right to deduct certain medical expenses exists in the law at the present time and will only cease to exist in certain applications when the amending bill becomes law, and the basis of that exemption is a certain formula. The taxpayer may not have insurance, he may pay his hospital expenses out of his own pocket. Whether he pays them fully out of his pocket or covers himself by the payment of a premium against the possibility that he will suffer hospitalization and therefore have that obligation to meet, in either case he is entitled to make a deduction under the medical expense heading within the limits provided in the present law.

What I am saying is that under the hospitalization plan the taxpayer is still financing the plan: first, through his personal contribution, and secondly, as a taxpayer to the federal authority. You have more direct evidence of it here with an increase in the personal income tax this year which, to some extent, can be attributed to the size of the contribution which the federal authority is making to the hospital plan. My suggestion is, if the federal authority felt that because of the contribution it has made it would have to remove some of the allowable deduction, then it should have trimmed its cloth accordingly and made a smaller direct contribution, rather than take away from the taxpayer a medical expense item which he has enjoyed for some time. Some honourable senators who were at one time members of the other place will know that these deductions did not come without a struggle. There was quite a battle before, finally, the deductions were grudgingly put in, and at a later date the percentage application was increased.

Honourable senators, that is all I have to say about medical expenses. I have heard my friend from Winnipeg South in his point of disagreement. That is the basis of argument.

Hon. Mr. Thorvaldson: I disagreed with a certain remark you made, that was all.

Hon. Mr. Hayden: I am not objecting to your right to disagree.

Hon. Mr. Thorvaldson: Just to one remark.

Hon. Mr. Hayden: I am commenting on the fact that you disagreed in the circumstance.

I now turn to what I regard as an important item in this bill, the proposed amendment to section 71, which in earlier legislation was known as section 4(k). For ages past, until we adopted a modified phraseology with the creation and enactment of the present Income Tax Act, the companies to which this section applied were referred to as "4(k) companies". You do not incorporate a company specifically as a 4(k) company. You incorporate a company in the same way as any company is incorporated, and if it carries on its business in a certain fashion in a full year it is then entitled to qualify as and to get the designation of a foreign business corporation. That means that if it carries on industrial operations, mining operations, commercial operations, public utility operations, or whatever they may be, entirely outside of Canada during the whole period if its taxation year, except for management and for the purchase of supplies which are going to be used outside of Canada in the operations that it is carrying on outside of Canada, then it is entitled to that qualification, and it may either directly carry on its operations outside of Canda or it may through a subsidiary company carry on those operations outside of Canada. I would say that for approximately forty years we have had this provision which is known as section 4(k), and the companies have been called 4(k) companies and, latterly, foreign business corporations.

In those circumstances a company makes an election. It files its return, and, if its qualifications are accepted, the only tax that

the company pays is $100 in the year. But, that is not the whole story, because when one of these companies pays dividends it must withhold and remit to the Canadian treasury either 5 per cent or 15 per cent of the dividend, depending on the characteristics of the shareholders of the company and the relationship of the shares. It is either 5 per cent or 15 per cent, and when the minister made the statement that these companies provided no revenue it must be taken subject to the qualification which I have made, because I know from my own experience—and I am sure there are other lawyers here who have had the same experience—some of these companies over the years in disbursing dividends have paid very substantial sums of money in the year to the federal treasury.

It is now proposed to repeal the right of any company to secure the status of a foreign business corporation, and I say that in those circumstances we are entitled to the reasons. We are entitled to have the reasons stated in a way so that we may be able to examine them and to see whether they are sound or not.

Let us take the reasons that have been given. Like other honourable senators, I have read or heard the minister's statement of reasons. There were several reasons which he chose to give. One was that these companies might provide a tax haven to foreigners. Another reason was that there were loopholes in the law. But, having given those two reasons, the minister then stated that he must say that in the whole history of the operation of this section there had been no abuse, either by way of providing a tax haven or taking advantage of loopholes, so far as the companies which had qualified as foreign business corporations in Canada were concerned.

Then, the financial papers took up the inquiry as to why this section was being repealed, and they could evolve no reason. The minister was finally prevailed upon to elaborate on what he meant by "loopholes", and he gave two illustrations. The first one he gave was that you might have a foreign business corporation in Canada that would buy, say, ores in Canada, and then he became eloquent on the subject of one of our great natural resources, saying that those ores would be exported, and in the foreign country they might be sold at a substantial profit, no part of which would come back into Canada to be taxed. Well, the only thing wrong with that example is that it is completely wrong in law. It is not just a little bit wrong, but it is completely wrong, because in law a foreign business corporation cannot carry on any business in Canada.

Hon. Mr. Thorvaldson: I will agree with that.

Hon. Mr. Hayden: Yes. The only exception is the designing, purchasing and transportation of goods, if the goods were not acquired for re-sales in the course of trading and were required for the operations so carried on out of Canada. The first example which the minister gave is an example which is completely against the provisions of section 71.

The Hon. the Speaker: Is the honourable senator referring to a debate that took place this session in the other place?

Hon. Mr. Hayden: No, Mr. Speaker. I am talking about statements which the minister made and which I had the opportunity—

The Hon. the Speaker: They were not made in the other place?

Hon. Mr. Hayden: No, I have not made any reference to the other place, Mr. Speaker. If some of my honourable friends conclude from anything I have said that I was referring to the other place I can assure them that there is nothing in what I have said that would indicate I had intended that, or that I had heard or read the debates in the other place.

Hon. Mr. Brunt: You are certainly skating on thin ice.

Hon. Mr. Hayden: There are sources of enlightenment as to the minister's statements other than the *Hansard* of the other place.

The second illustration that the minister gave was that we have a tax convention, for instance, with the United States, and in the example I have already given goods might be exported from Canada and a selling agent in the United States would sell them, and the profit would never come home. For this reason, because in our tax convention with the United States a Canadian company may do certain things in the United States without incurring any tax in the United States if it does not have a permanent establishment in the United States, it would avoid taxation in both countries.

Well, again, my statement to you is that that example is completely wrong as far as the law that exists today is concerned, because, under the tax convention, if a Canadian company maintains a selling agent in the United States who has authority to accept orders, the transactions are taxable in that the company is carrying on business in the United States. If the Canadian company maintains a warehouse in the United States from which it delivers goods to fill those orders, then that Canadian company is carrying on business in the United States and is subject to taxation in the United States.

Furthermore, I would say that a Canadian company which is maintaining a salesman in the United States and accepting orders in Canada so as to avoid United States tax, and is delivering the goods from Canada directly to the customer in the United States so as to avoid a permanent establishment in the United States, is doing business in Canada, and, therefore, it would not be a foreign business corporation.

Hon. Mr. Hugessen: It could not be.

Hon. Mr. Hayden: It could not be, as a matter of law.

We are left with those reasons for repealing this section. My honourable friend has suggested a reason this evening, and I am aware of the provisions of the law in relation to his example, but nowhere have I heard or read that this was a reason for justifying the repeal of the section. In effect, what my honourable friend says is: "Well, we really do not need section 71, the foreign business section, because there are other provisions in our law today. For instance, under our law today a Canadian company can have a local company in, say, New Guinea, or in any place in the world, a company that is incorporated under the local law, and under our income tax law the Canadian company can bring home its dividends from such a company without paying any tax."

That is perfectly correct, so long as the Canadian company holds at least 25 per cent of the issued shares of that foreign company, but the great difference between the corporation in that illustration and a foreign business corporation is that under section 71 the foreign business corporation itself may carry on business in those other countries without having to incorporate a subsidiary company to get the benefit of the tax position in Canada. So by repealing section 71 you are forcing any Canadian company that wishes to carry on foreign operations and bring home its dividends without paying tax in Canada on the receipt of the dividends to incorporate in all these different localities.

The second thing that my friend said was that nowadays, as opposed to a much earlier period in our taxation law, we have foreign tax credits. That is, if I am a Canadian company and I am carrying on business in the United States I pay my tax in the United States and I bring all my earnings home to Canada. I calculate my tax on all my earnings everywhere, and then I deduct the tax that I paid in the other jurisdiction up to the amount of the Canadian tax rate—

Hon. Mr. Thorvaldson: Would the honourable senator allow a question at this stage? He suggested a moment ago that if this practice were discontinued foreign business corporations would be forced to incorporate in the various countries in which they did business. Of course, we recognize that if they do so their dividends come here tax free, but is it not correct to say also that where a foreign business corporation does business in, say, Trinidad, as a partnership—that is, without incorporating—it still gets the tax credit from Canada for the tax it pays in foreign countries on money it makes there? Is that not the case in Canada?

Hon. Mr. Hayden: As my honourable friend knows, nowadays I am entitled to get tax credit in relation to income earned abroad which, for tax accounting purposes, I must bring home to Canada. That would apply only to direct operations by a Canadian company if it is incorporated or, I assume, by an individual if he is not incorporated, or by an incorporated company if it seeks to carry on business abroad as a partnership. But that is beside the question. The history of these 4(k) companies has been a very interesting one. I think honourable senators know that the greatest illustration of a foreign business corporation is Brazilian Traction, and it is idle to say, for instance, that the operation of Brazilian Traction has not contributed substantially to the revenues and earnings of Canada itself.

I always understood that this amendment which was put into section 71 some years ago permitting a foreign business corporation to purchase supplies in Canada for use in its operations outside of Canada, might very well have got in there because of the representations which were made by companies like Brazilian Traction to the effect that they should not be debarred from buying Canadian supplies and taking them out of Canada to be used in their operations outside of Canada.

Hon. Mr. Thorvaldson: Would the honourable senator allow another question?

Hon. Mr. Hayden: Certainly.

Hon. Mr. Thorvaldson: My honourable friend may know more about Brazilian Traction than I do, but under present tax laws and conventions this company operates as a foreign business corporation through subsidiary companies in other countries. Has my honourable friend any reason to believe that Brazilian Traction would not operate in identically the same way if it were not a foreign business corporation?

Hon. Mr. Hayden: I am not in a position to speak for Brazilian Traction except as an outsider who listens and talks. I have not acted for Brazilian Traction at any time and therefore I do not know anything about its internal setup. All I can tell you is that from my earliest association with this section 4(k),

subsequently called the foreign business corporation section, somehow or other we kept talking about it as the Brazilian Traction section.

Since the war the typical application for making use of section 71 has been by foreign interests throughout the world who are desirous of undertaking industrial or mining or commercial operations in various parts of the world and are concerned in locating in one place where they can accumulate their money and feel it is in the safest place. The foreign business corporation section gave them an ideal setup, because they could operate in various portions of the world either directly through such a foreign business corporation or indirectly by the use of wholly-owned subsidiary corporations. The purpose they had in mind in choosing Canada was to enable them to accumulate their money, their earnings and their profits in the country which they regarded as the safest in the world. Many of the foreign business corporations that have come into operation since the war have been spurred on by a two-fold plan: to make use of this foreign business corporation section and, by so doing, to get their money into the safest place. So far as Canada is concerned, the money that these companies bring into Canada flows into the stream of currency and is available to be used by the banks until such time as the companies require funds for their own purposes. So, if they move in the direction of paying dividends, the revenues of Canada are enhanced by 5 to 15 per cent, depending on the circumstances.

Hon. Mr. Brunt: In addition they provide a lot of employment, and most employees pay income tax.

Hon. Mr. Hayden: Yes. Those are indirect benefits. I am bothered by the fact that we are moving in the direction of repealing this section and putting some limitations upon future operations of a foreign business corporation at a time when other countries seem to be moving in the opposite direction. For years and years there was a provision in England which was very embarrassing. A British company might be carrying on operations through a subsidiary in Canada, and if the British company gave any management or direction to those operations in Canada the profits of the Canadian operation were taxable in England whether they were brought home or not. There are leading cases on the subject which settle that as the law. To get away from the excess burden of tax quite a number of old-established English companies were moving their head offices, their management and direction, out of England. Because of this trend they recently established in the United Kingdom what is called an Overseas Trade Corporation. I am not saying that any of the companies under the Overseas Trade Corporation of the United Kingdom conform to a foreign business corporation in Canada, but considering the law which formerly existed in England, it does indicate that England is going in the direction in which we have been going for years. Now we are the ones who are withdrawing from this position. Even in the United States, where they blow hot and cold on some types of tax legislation, a bill has been introduced in Congress dealing with this. I cannot say whether it will ever pass or not, for I would not be so rash as to speculate on that. This measure is called the Boggs Bill. I don't know whether its name contains any clue as to its ultimate disposition. The purpose of the bill is to establish a special category of corporation called a foreign business corporation, which might operate abroad tax free so far as the operation is concerned; and its earnings abroad would only be taxable in the United States when they were brought home and incorporated into the revenues of the United States company.

We find that is the trend in other countries. Then why are we taking a step backward? I think it is very important to a country like Canada that we should attract as much money as we can, and have the use of it for all the different operations going on in this country, and clip on the way whatever revenues we can by way of taxes from these various sources.

So far as a tax haven is concerned, the only definition I can give of it is that it provides a place where you may carry on operations without being subject to tax. In other words, instead of a corporation hiding its money in a sock it can turn to Canada which affords a public asylum in which the corporation can openly receive its money and pay no taxes. But, that is not the situation with respect to foreign business corporations, because Canada gets direct and indirect benefits from the existence and the operation of foreign business corporations, and it is a broader field of operation than the second best which is operating through subsidiary companies abroad and bringing dividends back into Canada. I feel reasonably certain that there may be more revenue not taxed by virtue of the dividends that come from subsidiary companies abroad to Canadian corporations than any tax benefit that will develop through repeal of this section.

Hon. Mr. Thorvaldson: Would the honourable senator permit a question? I wonder if he has known or heard of any company doing business under section 71 now that claims that it could not do business in exactly the same way, from a tax viewpoint, without the section?

Hon. Mr. Hayden: My friend is misunderstanding what I said. The repeal of this section preserves the status of those companies which at present are foreign business corporations.

Hon. Mr. Thorvaldson: They are preserved anyway.

Hon. Mr. Hayden: They are preserved, so there is no question there. Their operations, as long as they are carried on in the form they have been, will go on in the same way. I am not making a point in the interests of the companies that at present are foreign business corporations.

Hon. Mr. Brunt: They are protected under this act. It is the new ones that we are concerned with.

Hon. Mr. Hayden: I am talking of the companies that in the ordinary way would come into being under the provisions of this act and would qualify by their operations. They are not to be given that opportunity. My friend knows very well through his practice, and I am sure any lawyer here knows, that foreign business corporations do not grow as fast as grass seed that is thrown in the soil. A definite and positive set of circumstances is required in order to achieve that status. You cannot just incorporate a company, put it up on the shelf, and say that is a foreign business company, and then if you need it some day reach up to the shelf and take it down. The foreign business corporation does not become such through incorporation, but only when it carries on a certain type of operation during the whole of a taxation period.

Now, I should point out something significant. A couple of days after the budget resolution and the proposed repeal of section 71 were announced in the newspapers—and it may or may not have been a coincidence—I received some literature from Bermuda inviting me to give my attention to the possibilities that Bermuda offered for this type of operation, since it appeared that Canada was going to repeal the section, and therefore the opportunity to make use of a foreign business corporation as a Canadian company was going to disappear. They were inviting not only our contemplation of the provisions of their law, but giving assurance that Bermuda is an excellent place where there is no income tax, where you can incorporate those companies, do your housekeeping, and conduct completely extramural activities all over the world, and in theory bring your moneys to Bermuda in dollars, where they will be yours to draw upon when you need them, and the only tax collector you will ever have to deal with is the man who administers the tax law where you happen to be living when you bring some of that money home. They painted a very nice picture. It shows that other countries are very alert to the opportunities for foreign business operations. I think Canada should continue to be alert, and should not be cancelling out a provision that has existed as long as this one has in our laws.

Honourable senators, I have been in various parts of the world, and whenever one talks to lawyers they know about what they still call 4(k) companies, which are to be found in the strangest places. The revenues of Canada benefit to some extent by them, and the moneys in circulation in Canada benefit also. Why we should see fit, on the minister's reasons which I have stated and on the supplemental reasons my friend has given, to take a course of action which means cutting off and repealing the section, when at the same time we are told, as my friend said, the whole subject is going to be scrutinized—and you know how fast the scrutiny will take place once the section is repealed—I do not know. Some time in the future it may be looked at, and if enough pressure in this form or some other form is brought to bear the section might be restored. But I say boldly that so far as anything that I have been able to ascertain through all my reading and listening—including listening to my friend tonight—I have found no reason which could be described as a reason for the repeal of this section at this time. If it is felt that there are some loopholes, I would like to sit down with those that suggest that there are any, because I have been practising law for some thirty to thirty-five years and looking at this section through all those years, and surely my friend is not suggesting that I have missed some of those things.

Hon. Mr. Brunt: Not you.

Hon. Mr. Hayden: It is a horrible thought. If the minister is suggesting there is a possibility inherent in the legislation of providing a tax haven, or that there is a loophole, then the proper course would be to inquire into and examine it.

Hon. Mr. Thorvaldson: Why do you not tell us about the benefits of the section? You have told us all there is against it, so why not give the positive side?

Hon. Mr. Hayden: I did not know I had told you anything against the section. My friend has certainly not been listening at all; he has been tuned in on some other wavelength. I thought I was pointing out the reasons why section 71 should not be repealed. What I am saying is that no good reason has been given for its repeal. I have indicated many reasons why I think it has been of benefit to Canada, and I have suggested that

if there is any reasonable doubt—I don't know of any, because what has been stated does not constitute, in my opinion, a reasonable doubt,—if such doubt exists, the proper course of action is to investigate.

Hon. Mr. Thorvaldson: Will the honourable gentleman allow a comment? I would like to hear a reason for the section under present circumstances. I would like to hear one reason why the section is a good thing now, when we have all these provisions which we did not have originally when the section came into being, but which we have now, for allowing companies to bring in money tax free, and so on, in certain circumstances. Can the honourable gentleman give one good reason why it is necessary to keep the section, and one benefit that is conferred on us by keeping it?

Hon. Mr. Hayden: Oh, yes. My friend has indicated that he offered a reason tonight, which I said was the first time I had heard that reason. Let us take this illustration. If I incorporate a mining company in Canada and it carries on its mining operations entirely outside of Canada, that company would qualify as a foreign business corporation, and I might enjoy a tax holiday for a period of time in a foreign jurisdiction where they are freer with the length of their tax holidays than we are in Canada. A normal period of a tax holiday in some of the countries I can name would be a period of five years. Then I would have a tax holiday in the country where I was carrying on my mining operations for five years, on the theory I needed that length of time in order to build up operations in that country, but if I were able to qualify for a tax holiday in Canada—and I do not know that because I am not prepared to express an opinion on that now—the limitation would be three years. Now, I say so far as this operation is concerned, the effect of cancelling out the foreign business corporation classification would be to throw such a company into one of two courses of action. It could go to Bermuda or elsewhere and incorporate a company, which would carry on operations in a foreign country as a mining company, and in those circumstances no money would come to Canada and the Government would be enriched by no revenues at all. Certainly if this section is repealed my friend would not expect such a company, which could qualify for a five-year tax holiday in another country, would incorporate under Canadian law. Alternatively, the company would have to bring all its income home and pay tax at the higher Canadian rate—for there are countries where the tax rate is lower—and deduct only the tax paid abroad. That would not be attractive.

The simple answer is that if you want to attract an operation and its location in Canada for operations that are to be carried on abroad, then you have to make Canada an attractive place in which to set up that operation. I am sure that was part of the original theory of section 4 (k). I know from the time I began to be identified with a 4 (k) company—which would be back in 1926 or 1927 and continuously from there on—that was the whole basis of it.

Hon. Mr. Thorvaldson: I agree with what you say thoroughly, as regards that time.

Hon. Mr. Hayden: Yes. Well, having done that, why should we now repeal this section 71, simply because we want to investigate the possibility of there being something inherent in the legislation which has not been discovered for all the years it has been operating that might provide a loop hole for tax avoidance? My suggestion is that we should not repeal it. We could hurry the consideration if we said its operation will be suspended until the next session of Parliament—I can understand that, and even that would be harsh treatment, but I could understand it.

If there were some reasons for what is proposed, that would be well and good, but what I am afraid of now is that the apparent reasons are ones that are being thrown out to us as some sort of explanation and that there is not any solid reason. However, I find it difficult to accept that statement, that the minister would attempt to seek the repeal of this section without having a solid and sound reason for so doing, and as the reasons given are not solid and sound, what are the real ones? We should be told what they are.

Hon. Mr. Brunt: That can be brought out in committee.

Hon. Mr. Hayden: Honourable senators, I have taken longer than I intended and you have been very patient.

My friend has dealt with other sections of the amending bill. Some of them are beneficial, some of them impose more taxes, but most of them are not complicated, except the formula for determining the premium on the excess of group insurance over $25,000, and I think they can more properly be dealt with in committee. They will not develop any surprises to us and therefore I feel there is no necessity at this time to discuss them.

On motion of Hon. Mr. Gershaw, debate adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, May 27, 1959

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

Prayers.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following document:

Report of the Restrictive Trade Practices Commission, concerning the distribution and sale of electrical construction materials and equipment in Ontario, pursuant to sections 18 and 19 of the Combines Investigation Act, Chapter 314, R.S. 1952. (English text).

PETITIONS FOR PRIVATE BILLS

EXTENSION OF TIME FOR FILING

Hon. R. B. Horner, Acting Chairman of the Standing Committee on Standing Orders, presented the committee's second report.

The report was read by the Clerk as follows:

Your committee recommend that the time limited for filing petitions for private bills (other than petitions for bills of divorce), which expired on March 13, 1959, be further extended to Wednesday, May 27, 1959.

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

Hon. Mr. Horner: With leave of the Senate, I move that the report be adopted now.

Report adopted.

OLD AGE SECURITY BILL

REPORT OF COMMITTEE

Hon. Arthur L. Beaubien, for Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill C-46.

The report was read by the Clerk as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-46) intituled: "An Act to amend the Old Age Security Act", have in obedience to the order of reference of May 21, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. John G. Higgins: With leave, I move the third reading now.

Hon. David A. Croll: Honourable senators, on every occasion when the Old Age Security Act is discussed, either publicly or privately, I have always taken the opportunity to praise the measure because it is uniquely Canadian. It provides social welfare payments for persons over 70 years of age, with 10 years' residence. The payment is universal, at a flat rate without a means test and without a record of contributions. No person is compelled to take it. One must apply in order to get it. If you don't apply, you don't get it. If after you apply you change your mind, you may cancel out, but I am told the departmental file on cancelouts is a very small one indeed.

I said the act was unique. It is unique in this respect, that it recognizes no "haves" and no "have-nots", and there is nobody outside looking in. Whether a person is a millionaire in a penthouse or a pauper in a poorhouse he is treated in the same way by his Government, and on one day a month he gets his cheque in the same way as all other recipients. It may not do much for the rich man, but it does a lot for the poor man. This act is a unifying force in that it provides Canadians with a common bond. Everyone in this country feels that he is being treated in the same way as anyone else and that he is a first-class citizen.

Since I had not heard anything of that nature in the course of the debate I thought it was worthy of mention.

Motion agreed to and bill read third time and passed.

INDIAN AFFAIRS

JOINT COMMITTEE QUORUM

Hon. James Gladstone, Joint Chairman of the Joint Committee of the Senate and the House of Commons on Indian Affairs, presented the first report of the committee.

The report was read by the Clerk as follows:

Your committee recommend that 9 members of the committee constitute a quorum, provided that both houses are represented.

The Hon. the Speaker: Honourable senators, when shall this report be considered?

Hon. Mr. Gladstone: With leave of the Senate, I move that the report be adopted now.

Report adopted.

TOURIST TRAFFIC

NOTICE OF MOTION

Hon. Mr. Horner: Honourable senators, I wish to give notice of a motion for Tuesday next.

Hon. Mr. Macdonald: Would the honourable gentleman from Blaine Lake (Hon. Mr. Horner) be kind enough to read the motion to the house now so that we may know what it is?

Hon. Mr. Horner: Certainly. It reads:

That the Standing Committee on Tourist Traffic be empowered to inquire into and report upon the activities of the various agencies concerned with promoting tourist travel in Canada, and that the committee be authorized to send for persons, papers and records.

Hon. Mr. Macdonald: Honourable senators, I think the house might be prepared to approve that motion now.

Hon. Mr. Connolly (Ottawa West): Perhaps the honourable gentleman from Blaine Lake wishes to make a speech.

Hon. Mr. Macdonald: We are always pleased to listen to a speech by the honourable gentleman from Blaine Lake. It may be that he wishes to delay moving the motion until Tuesday evening in order to speak then. I will therefore withdraw my suggestion.

INCOME TAX BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Thorvaldson for the second reading of Bill C-48, to amend the Income Tax Act.

Hon. F. W. Gershaw: Honourable senators, it is not my intention to discuss the clauses of this bill, but rather to make some general suggestions which might profitably be put into effect.

I feel there should be more district income tax offices throughout Canada. At the present time some cities of 20,000 to 30,000 people nave no income tax office within two to three hundred miles. I am not advocating that larger staffs be employed or that expensive rugs be placed on office floors or anything of that kind. I merely think that some of the present staff and existing files should be moved into offices across the country. This would be a big help to the citizens of Canada, particularly new Canadians who are not accustomed to carrying on correspondence in the English language. It would bring the tax collector and the taxpayer in closer contact. The taxpayer would be able to inquire more closely into his duties with regard to payment of tax, and at the same time the tax collector would be in a better position to determine just who should be paying taxes. It would result in increased tax collection. Furthermore, it would avoid long tedious delays in getting an answer from the district income tax offices, which are very busy. It is true that if you send a cheque with a registered letter to one of these offices you will get a mere receipt back. Sometimes, however, months and months pass by and there is no other reply. In the meantime, interest and penalties may accumulate, and as a result many taxpayers find themselves in a very bad situation.

The second matter I wish to speak about is pamphlets. This Government issues many pamphlets, and I think some pamphlets about income tax should be issued and widely distributed. Younger people are now earning, as well as new people from other countries, yet there is very little information given out about income tax. I think it would be well to make it known to as many people as possible that every dollar of every income must be reported in the income tax return. Let it be known also that it is of no use going to so-called tax experts for advice. There are some men who offer their services to show a taxpayer how very little tax he needs to pay. I will give an example of a man I know well who got into trouble about his income tax. He had a very good case, but the department did not agree with him, so he went to see a so-called tax expert. This fellow said, "Give me $500 and half of all I can save you, and I will get you out of this trouble." The $500 was paid, but my friend got no satisfaction.

It should also be known that the tax is a very fair one if there is proper co-operation. If you work for a corporation your income is known and the tax is deducted every month from your cheque. The sales the farmer or rancher makes are also on record. However, there is a large class of people who pretty well set their own fees. It is those people that I would like to see encouraged to keep careful records and to face up to their responsibilities. Then the load would not be so heavy upon those who are compelled to pay every month or very often.

The third point I wish to speak of is early settlement of the tax. The tax collector knows pretty well who should be paying tax, and if a taxpayer's return is not received by the department when it is due the taxpayer should be notified, and he should be notified month by month until some settlement is made. If these conditions continue without a clearance year after year the department loses money, for a settlement will have to be made for only a fraction of what it should have been. Also the taxpayer becomes very much discouraged.

Another point is that the income tax inspectors should be acquainted with business, and particularly with the business of the people they are assessing. Now, what happens? Sometimes two income tax inspectors will go

to a distant point where a claim against a farmer or rancher has to be settled by personal contact and they may not have any knowledge at all of the business of farming and ranching. Indeed, one rancher told me that an inspector who called upon him did not know a heifer from a haystack. Many inspectors are not qualified to assess taxpayers in that class, and something should be done to correct this.

This brings me to my very last point, namely, that this onerous tax should be collected with kindness and helpfulness. Harsh words or accusations are often uttered, and letters written that are very threatening and harsh. I think the income tax people might well copy the pattern of the Department of Veterans Affairs. If a veteran writes to the department about some claim that he has, the answer of course is usually no, but he gets a nice letter. He is told that the department is sorry that his request does not come under the act but he can go into a veterans' adviser in his district and talk the matter over. He is also told that he can appeal within a certain time, and is assured that if more can be done to help, the help will be gladly offered.

On the other hand, a lot of letters sent out by the income tax department are rather threatening and harsh. I do feel that those letters arouse a lot of resentment, and certainly nothing is gained by them. If such a letter happens to be sent to a new Canadian he feels that all this talk about liberty, freedom and justice is just a hollow mockery and a delusion, especially if he is falsely accused. He becomes resentful of the department and determines to get even with it in some way.

I have been told that conditions in the department are gradually improving, but from the letters I receive I feel there is still something to be desired in the matter of the approach. There should be an improvement in the attitude of these tax collectors in order to foster better human relationships and develop citizenship.

Hon. W. D. Euler: Honourable senators, it had not been my intention to intervene in this debate, but I am impelled to do so by what my friend from Medicine Hat (Hon. Mr. Gershaw) has just said.

I shall preface my remarks by saying that some years ago I had the honour to be head of the department which collects the income tax, the Department of National Revenue. At the outset we issued a circular from month to month just for the officials of the department, giving news pertaining to departmental affairs. I was asked to write a brief introduction to it, which I did, and the thing I emphasized was that the officials of the department were the servants and not the masters of the public and that they should exercise the saving grace of common sense. I think that made a bit of an impression because we went out of office at the next election. My successor issued virtually the same message to the employees.

Hon. Mr. Macdonald: Then your successor's party went out of office.

Hon. Mr. Brunt: Nobody issues a message like that today.

Hon. Mr. Euler: I would like to give honourable senators a case in point illustrating an occurrence during the tenure of the old Government—the Liberal Government, if you like. I had paid my income tax promptly, as I always do, with what I thought was the correct amount, but which was not. Shortly afterward I left the country on a vacation of about six weeks. When I returned there was awaiting me a letter from the department making a revised assessment, which was quite in order. I did not contest it. As I always pay my debts promptly, if I have enough money to do so, I mailed at once a cheque for the amount demanded—and I may say the demand was not worded too politely. The very next day I received from the department another letter—it must have crossed mine in the mails—couched in the most offensive language. I had copies of it made, and I wish I had one with me. The department demanded the amount set out in the bill which had been sent to me a few weeks before, but which I did not receive until I returned home, and threatened me with all sorts of legal action if I did not pay within 30 days. Naturally I was a bit provoked and I went to the office and asked to see the man who sent that letter. He was pointed out to me and I went over to him and inquired, "Did you write that letter?" He said, "Yes". "Then," I said, "you ought to be fired".

Hon. Mr. Brunt: Hear, hear.

Hon. Mr. Euler: He replied, "Well, that was a form letter". I said, "It was not a form letter. It was typewritten, and though it may have been in the order of a form letter it was directed to me personally". Then I went to the head of the office there—I am not making any accusation against him at all—and he confirmed that it was the custom to send that kind of letter in that sort of language. "Well", I said, "I think it is wrong. A letter like that ought not to be sent to anyone, whether he be a senator or a former minister of the department or a citizen who has never held any public office. You should not write anyone in that offensive manner. When a tax payment is overdue you could

send out a reminder, in strong but polite wording, and if payment is not received within a stated time you could proceed to collect in the usual way. You should be a little more courteous in dealing with the public."

Now, here is something that I add with a good deal of reluctance. I spoke to the then head of the department, but he did not exhibit very much interest in the matter. I sent him a copy of the letter and that is all I ever heard about it.

That incident occurred two or three years ago and I had hoped that in the meantime the department's attitude had changed and that a taxpayer would not now receive threatening and offensive letters when there had been a brief delay in forwarding a tax payment. In most cases of the kind the delay is probably easily explainable. I thought that by now the department would be aware of this and have instituted a policy of preceding a firm demand for payment by a considerate investigation. But, judging by what has been said by my friend from Medicine Hat, a good deal of the old practice persists. I trust that, under this new Conservative Government, the new minister, if he takes the trouble to read my remarks, will see that the matter is corrected.

Hon. A. K. Hugessen: Honourable senators, this is the annual occasion when we have an opportunity to consider the bill to amend the Income Tax Act. I recall that in past years, when the party now sitting to the left of Mr. Speaker was in office, we always had a most interesting and clear explanation of this bill from the honourable senator from Toronto (Hon. Mr. Hayden), who spoke last night. He has been succeeded in that office by the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson), who explained this bill yesterday evening. I am sorry that he is not in his seat this afternoon. It is always a difficult bill to explain because, as he said, it does not engage any general principle but is confined to a number of diverse subjects dealing with various amendments to the existing Income Tax Act. I thought that my honourable friend from Winnipeg South dealt with the bill very adequately yesterday evening. I want to congratulate him on the way in which he introduced the bill and explained the various sections to us.

However, there is one important point that he forgot to mention. He said, what is technically true, that some sections are favourable to the taxpayer and other sections are unfavourable to the taxpayer, but what he failed to say was that in its essence this bill creates a substantial increase in the tax on every individual and on every corporation in Canada, and that the few little ameliorations which certain sections of the bill do bring into effect count for very little when compared with this substantial increase.

Now, I want to turn to the question that was discussed yesterday evening by the honourable senator from Toronto (Hon. Mr. Hayden) in connection with the proposal in section 19 of this bill to repeal the provisions in favour of foreign business corporations, and I want to support what the honourable senator said in that connection. This is a provision which in one form or another has existed in our income tax legislation for at least the last thirty years. It has to do with companies which, as he said, formerly were called "4(k) companies", because they were governed by the old section 4(k) of the former Income Tax Act. Since, I think, the year 1948 they have been governed by section 71 of the act, under the name of foreign business corporations.

Like the honourable senator from Toronto, I have in the course of my professional practice had a good deal to do with a number of the companies which have taken advantage of that provision. Briefly speaking, the provision was inserted for the purpose of enabling persons outside of Canada who wished to conduct their business in corporate form outside of Canada, to take advantage of incorporating within Canada by means of a company incorporated under the Canadian Companies Act and, since they were not going to carry on any business in Canada, to provide them with a very favourable base of income tax under which they would pay only a nominal sum of $100 a year. That, as I say, has been a feature of our income tax legislation for very many years, and has resulted in the incorporation of a great number of companies under the Canadian Companies Act, which otherwise would never have come to this country.

Hon. Mr. Haig: May I ask a question? Why should these companies not pay a tax on the business they do here?

Hon. Mr. Brunt: They don't do any business here.

Hon. Mr. Hugessen: They do no business. If my honourable friend will read section 71 he will see that a "foreign business corporation" is one which cannot carry on any business in Canada.

Hon. Mr. Haig: Then why do these companies want to come here at all?

Hon. Mr. Hugessen: That is a point I am coming to. I hope to answer my honourable friend in a few minutes.

It is perfectly true, of course, that a company which incorporates in Canada under the

Canadian Companies Act, and which is a foreign business corporation and pays only $100 income tax in each year, does not contribute very much to the revenues of the country. But that is not the only benefit which the country receives from these corporations. As my honourable friend from Toronto remarked, when a Canadian company with foreign shareholders—and the great majority of these companies have foreign shareholders—declares a dividend, it has to deduct and pay to our revenue authorities 15 per cent of any dividend so declared. I happen to know of one instance, in which I have been personally involved over a number of years past, of one of these companies which has the habit of declaring a dividend each year, payable entirely to non-resident shareholders, of something in excess of $100,000, and as a result I have the privilege of sending to the Department of National Revenue each year a cheque for some $17,000 or $18,000, which is completely found money as far as Canada is concerned. True, it does not amount to very much, but it is sufficient, or almost sufficient, to pay the salary of the Deputy Minister of National Revenue.

In addition to that, the province in which that company has its head office requires it to file a return, and to pay a certain amount, usually quite a limited amount, based on its capital, its profits and so on. Although I have no figures to support what I have to say, nevertheless I think I am quite correct in saying that the provinces of Quebec and Ontario, in which the head offices of the great majority of these companies are situated, do benefit to the extent of several hundred thousand dollars a year from the fact that these companies are here in Canada and do have to pay provincial taxes.

Hon. Mr. Brunt: I think the province of British Columbia also obtains a very substantial revenue.

Hon. Mr. Hugessen: My friend is right. I believe the province of British Columbia benefits to a large extent.

Quite apart from that—and here I come to a rather more personal consideration—the fact that these companies can incorporate in Canada means that the Canadian lawyers and chartered accountants who deal with these matters derive considerable revenue from that source. I freely admit that our Income Tax Act is deficient in that it does not exempt lawyers, as a class, from the payment of income tax.

Hon. Mr. Higgins: Shame!

Hon. Mr. Hugessen: Having regard to this lamentable deficiency, the fact nevertheless remains that lawyers who do incorporate and manage companies of this kind derive a not inconsiderable income therefrom, and they pay their income tax on the income so derived. In fact, under this bill, they will be required to pay an even higher income tax on these earnings than they have in the past. So, the benefit to this country is not solely confined to the nominal sum of $100 which each of these companies has to pay each year under the Income Tax Act.

I think honourable senators would like to know the sort of conditions under which it is found advisable to incorporate these companies. I want to answer the question asked by the honourable senior senator from Winnipeg (Hon. Mr. Haig), and I trust I can answer it to his satisfaction. I wish to give to the house examples of four foreign business corporations which have come within my personal experience, and to state the reason why they came to Canada in each case, so far as I know them.

The first case is that of a company financed partly by American, partly by British and partly by European funds, which built and operates a very large oil refinery in the Middle East. The reason why they came to Canada to incorporate that company was, I suppose, that Canada was a sort of half-way house between the various interests who were providing the capital, namely, the Americans, the British and the Europeans.

The next case I wish to cite to the house is that of a very large American corporation which holds interests in the form of sugar estates and lands in various of the Caribbean colonies. It organized two foreign investment corporations in Canada to hold these lands. The basic reason why it did so was that it was going to own property in the British dominions and felt it was proper to have the companies that hold these estates organized under the British flag.

The third example was one where a number of Canadians got together and raised the capital to construct a much needed cement plant in one of the countries of South America. There, again, of course, the reason why they organized in Canada was clear enough. They were Canadians and they wanted the benefit of incorporation under the Canadian Companies' Act.

The fourth example was one where citizens of two Western European countries wished to organize a fairly substantial investment company holding investments in various countries of Europe and in other parts of the world as well. That company was organized shortly before the last war, and it is my belief—although I cannot say so definitely—that the reason why these Europeans

organized the company as a Canadian company was that they feared what actually happened, namely, that war would break out, that their country would be invaded, and that if they were organized in the form of a Western European company they would be subject to seizure by the German occupants of their country, whereas as a Canadian company they were freed from that risk. That, in fact, was what happened.

Those are four examples of the sort of situation in which a foreign business corporation organized in Canada is of some use.

My honourable friend from Winnipeg South (Hon. Mr. Thorvaldson) used the argument in favour of the abolition of this particular class of company—these foreign business corporations—that as a result of tax agreements which had been made over the last five or ten years between Canada and various other countries the necessity for these corporations had ceased to exist. He may well be right in certain respects. For instance, I think that as between this country and the United States there is now no reason for the formation of a foreign business corporation in this country, and the advantages that could have been derived in the past from that can now be quite properly obtained under the tax convention which exists between Canada and the United States with respect to allocation of profits as between the two countries. But there are two things I want to say to my honourable friend, and I wish he were here to hear this answer to his argument. The first is that in regard to every one of the four cases in my own experience that I mentioned a few minutes ago no tax agreement is of any assistance whatsoever. Canada has no tax agreement with the country in the Middle East in which the oil refinery is operated. Canada has no tax agreement with the countries in the Caribbean where the estates owned by the Canadian subsidiaries are located. Canada has no tax agreement with the country in South America where the cement industry is carried on; and with respect to the investment corporation that I mentioned in the fourth place, its investments are spread out in a number of countries and no tax agreement would help it anyway. So, as far as those four instances are concerned, my honourable friend's argument fails.

I would be more disposed to pay attention to his argument that these foreign business corporations are not required any longer, if he had supported that allegation with a statement to the effect that the demand for these companies is falling off, and that as tax agreements are made between Canada and various other countries fewer and fewer of these foreign business corporations are coming into existence.

Under the Income Tax Act, in order to become a foreign business corporation, a company has to file documents with the Department of National Revenue showing that it possesses the necessary qualifications. Then once a company has become a foreign business corporation it remains such unless and until it ceases to fulfil the requirements. I took the trouble to get from the Department of National Revenue this morning the figures as to the number of these companies at present in existence, and information as to how the number of them has changed over the last few years. I could get only the figures up to the end of 1956, and I was told that these are approximate, that they may not be correct down to the last numeral. As at the end of 1956 there were 160 of these companies, and of that number 80 were so qualified in the five years from 1952 to 1956. That means that of all the foreign business corporations in existence at the end of 1956, one-half has come into existence in the last five years. I think my honourable friend will see from those figures that the need for foreign business corporations has not in any way diminished—at least, up until the end of 1956.

My honourable friend did touch very briefly upon an argument that had been used in favour of this section of the bill to the effect that the Act in its present form is liable to lead to abuse and to tax evasion. Now, we are all against tax evasion—even we who are tax lawyers are against tax evasion—but I repeat to my honourable friends that this provision has been in the law for the last thirty years, and that the minister has stated that so far there has been no instance of which he knows of tax evasion by any of the foreign business corporations at present in existence. I think my honourable friends know enough about tax lawyers and tax accountants in this country to realize that if there had been any possibility of tax avoidance or tax evasion in the legislation as it has existed for the last thirty years it would have been found out by those tax lawyers and tax accountants long before now, and advantage would have been taken of it.

Hon. Mr. Brunt: You do mean legal tax evasion?

Hon. Mr. Hugessen: Yes.

The other thing I want to say about this question of tax evasion is to reinforce what the honourable senator from Toronto said yesterday evening. He said that when the minister was challenged to give examples of

possible tax evasion under the present statute he gave two examples, both of which were completely inapplicable. In fact, anyone who had any elementary knowledge of section 71 of the Income Tax Act, on hearing those examples, would realize at once that the companies which he gave as examples could not, under any circumstance, have ever qualified as foreign business corporations under the definition of a foreign business corporation contained in that section. In fact, it was quite evident from the minister's statement in that connection that he didn't know what he was talking about. Mr. Speaker, I see you are looking at me with a rather prejudiced eye, and perhaps I should not have made so blunt a statement. Perhaps it is not quite in conformity with the normal amenities of parliamentary life, so I will withdraw the statement I made that the minister didn't know what he was talking about and I will replace it by the statement that the minister was badly advised.

Hon. Mr. Aseltine: I do not think my honourable friend has made it plain that this amendment does not apply to foreign business corporations now in business, but only to new corporations which might be formed after this bill has been passed.

Hon. Mr. Hugessen: That is perfectly right. I hoped I had made that clear. What I am arguing is that this is valuable machinery which is still capable of being used for foreign business corporations in the future, and that this privilege which has been in existence for the last thirty years should not be abolished without very good reason. I was trying to discuss the reasons which have been given for amending the act in this way, and at the same time attempting in my humble way to suggest they are not valid reasons.

The minister made one other statement which rather surprised me. He said that if this amending section were passed and foreign business corporations were done away with, the question could be looked into in the future, and if it were found that there was no possibility of evasion, the section might be reinstated. Well, that seems to me to be a rather strange way of conducting the affairs of the country, to act first and to think afterwards. I suggest that the proper thing for the minister to do is to think first and to act afterwards. I say that no sufficient argument has been advanced for abolishing this privilege, if you wish to call it that, which has existed in our tax law for the last thirty years or more. I do suggest that when this bill goes to committee, as undoubtedly it will, unless the minister or his departmental officials can give us better reasons than they have given so far for amending this section 71, we should seriously consider whether we should pass it. I would point out to the house that it has no effect whatever upon the balance of ways and means and that it is perfectly within the rights of the Senate, under these circumstances, to refuse to adopt this amendment if we see fit to do so.

Hon. John T. Haig: Honourable senators, I just want to make one or two comments in connection with this bill. I don't know much about finances or business but I have always been able to pay my bills. My experience in life has taught me one or two things. One of them is that business people do not go to a law firm, such as the one to which the honourable senator from Inkerman (Hon. Mr. Hugessen) belongs, to establish a foreign corporation unless they are going to gain some special advantage from the country in which the corporation is to be located. I have been associated with small law firms and big law firms and I have never heard of any business organization incorporating a foreign company to do business in a country like Turkey, East Germany or Poland. They pick out a country which gives them something they cannot get any place else. They pick a country where their investment will be safe. That is why they pick Canada. It is not because they love Canadians, but because they feel Canada is the best place in which to trust their money.

Hon. Mr. Brunt: And we want to tax them because they do this.

Hon. Mr. Haig: Wait until I finish. My honourable friend from Hanover (Hon. Mr. Brunt) and I may sit on the same side of the house but we may not share the same views with respect to this legislation. I represent little people, not big people as my honourable friend does.

Hon. Mr. Brunt: I am only a country lawyer.

Hon. Mr. Haig: The fact that my friend represents big people is plenty of reason for saying he should be sitting on the other side of the house.

It is difficult to imagine any Canadian lawyer saying to a business client who wants to incorporate a foreign business company: "Don't incorporate in Canada, for you would be taking a terrible risk. We have serious inflation difficulties. We have a poor Government at Ottawa and poor Governments in most of the provinces. We used to have good provincial Governments, but now they are all going bad. Foreign business corporations are paying only $100 a year now for all the protection they get in Canada, but the laws

are going to be changed and such companies will have to pay $1,000. So just keep out of Canada."

Honourable senators, companies do not incorporate here unless it pays them to do so rather than to incorporate somewhere else. That is the only reason. It doesn't matter what my honourable friend from Inkerman (Hon. Mr. Hugessen) has said this afternoon or what the honourable senator from Toronto (Hon. Mr. Hayden) said last night, these companies incorporate in Canada because they get here something which they cannot get in China, India, Egypt, Turkey or anywhere else. There are some of us who believe that corporations which enjoy this security should help pay for it. It costs us money to maintain law and order in this country, but these companies contribute just $100 a year.

Honourable senators, I might object to some sections of the bill which have not been mentioned, but I certainly do not object to this one. I don't blame big businessmen for what they do. I would do the same thing. If I wanted to invest $100,000 in a foreign business corporation I would certainly invest in a company operating in, say, Cuba, if I got a better return on my capital than I would from investing in a company operating in Turkey. We have money invested in some Brazilian companies and we wish we hadn't. The price of their stock indicates that a lot of other people are of the same opinion. Companies don't want to invest in Europe because of the constant unrest that exists there. Every time you pick up a newspaper, listen to the radio or watch television you see or hear disturbing news about that part of the world. For instance, today is the 27th of May, the day that the Russians said they would take certain action in Berlin. Well, they have not done it so far. I guess they were a little uneasy about it. It is a kind of thing we want to avoid in this country. Canada affords greater protection to investment of money than any other country in the world, and people who come here to invest should pay their share of the cost of governing the country.

I want to join with my honourable friend from Medicine Hat (Hon. Mr. Gershaw) in what he said about income tax. I entirely agree with the reasons he has given, and I have a few others to add. I feel very flattered about something that occurred in Winnipeg some time ago. Probably one is easily flattered, and when you want people on your side it is a good idea to flatter them. About four years ago the minister in charge of income tax for the Government of Canada visited Winnipeg. The staff in Winnipeg decided to put on a little dinner for him, and the head man said to the minister, "We would like to invite a couple of guests to the dinner, some friends of yours."

Hon. Mr. Aseltine: Were you there?

Hon. Mr. Haig: He said, "I would like to have Senator Crerar and Senator Haig at the meeting."

May I point out to my friend from Medicine Hat what happens in connection with people in Manitoba who do not understand income tax and come to Winnipeg to make inquiries about it. Perhaps a farmer, born in Czechoslovakia, comes into my office and inquires about his income tax. He may be a successful farmer, but he doesn't know how to make out his return or what deductions to claim. So I take him to the income tax department. They ask him if he made a return last year or the year before, and he says no. I take him over to the staff in charge of that work, turn him over to them, and walk out. He comes back in a day or two and says, "Mr. Haig, I want to thank you for the kindness you did me the other day." So I say, "I only introduced you to the fellow, I didn't do anything for you." He replies: "Yes, but I know something about the subject now, and I am satisfied to pay my share with the rest of you in Canada. I know what I have to do."

We in Winnipeg have been very fortunate in our income tax district office. In the past thirty years we have had just two men in charge of that office. I may say that some thirty years ago my honourable friend from Waterloo (Hon. Mr. Euler) was Minister of National Revenue. Well, if a lawyer wrote in to the Winnipeg office about a client who did not understand his income tax, he would receive a reply right back saying, "We will investigate that, and we will call on you further if we need you." The taxpayer would be called in and told all about it, and he would return to his home in Manitoba a supporter of income tax—believe it or not. He understood it because it was explained to him sympathetically by the man in charge.

Hon. Mr. Euler: The man in charge used the saving grace of common sense.

Hon. Mr. Haig: Yes, of course.

Some time ago a man from one of our good farming districts in Manitoba had three years of poor crops, one was hailed out and two were flooded out. He and his wife came 175 miles to see me in my office. I said: "The only thing you can do is to go over and see the minister himself. I will give you a letter of introduction so that he will know who you are and know that you are not just camping on him." Well, he went over to see the minister, who spent a couple of hours with him. The man came back to me,

and said, "Mr. Haig, how much do I owe you?" I replied, "I only gave you a letter of introduction—just a dollar." He wanted to give me five dollars, so I told him it would cost him nothing. That man has paid $125 a year on his arrears, and last fall he owed only $49. He was glad to pay, because he understood what income tax was all about—it had been properly explained to him.

I repeat that we are very fortunate in our income tax department in Winnipeg. I think that is largely because of the men who have been in charge. Perhaps in Alberta, for instance, it would be difficult to give the same service, for the people are more scattered. I do not know. However, I suggest that the income tax department look to that. People would have a better feeling toward income tax if they understood it better. The fact is that large numbers of them don't understand it and are afraid of the income tax people.

Honourable senators, I am entirely with the honourable senator from Medicine Hat, and I hope some reform will be brought about. I have given an illustration of how things are done in Winnipeg. It is not a matter of politics, but of good management. I say again that the men in charge have made a great success of the administration of the income tax department in Winnipeg.

I do not want to talk about the parts of the act concerning deductions for medical expenses. I was pretty sick myself, and they allowed me only a very small deduction. Under this bill apparently there is to be another change, and if that will mean better handling of the matter I am quite willing to go along with it.

On the question of foreign business corporations, I say again that anyone who wishes to use Canada as a country in which to invest money safely should pay something toward the cost of government of this country.

Hon. Jean-François Pouliot: Honourable senators, I have listened with interest to all that has been said about income tax business. I understand very well that we are bound to meet the expenditures of the Government. But why has Canada made such large expenditures on silly gifts to other countries? One of the silliest of these gifts was to Belgium under NATO. Belgium is a rich country. Why is it that Canada has to be bled white to make gifts to Belgium and to other countries that are in a better condition financially than we are? If we are to bring about tax reform we must start at the root of it. Naturally, there is a feeling that everybody must put his hand on the dollar, which is called the altar of sacrifice; that is the feeling that prevails. But why not investigate the gifts that are made under the Colombo Plan at great expense to Canada? I have been informed by a reliable source that most of the money that goes to the Colombo Plan is wasted, that only one-third reaches its proper destination, that another one-third of it is spent on trips and advertisements of various kinds. That is where a lot of money goes, and we have to tax the people for it.

There is another thing that strikes me. Why do not the members of the Senate receive the same treatment as the members of the House of Commons? Why is it that members of the House of Commons are allowed a tax exemption for expenditures and we are not? Because some of our colleagues are more fortunate than others in the goods of the land it is supposed to be not proper to mention those things. But we must be equal with the members of the House of Commons. They have an exemption for payments made to their pension fund and I do not complain about that, but why is it there is the other difference between the treatment of members of the Senate and members of the House of Commons? I cannot understand it. The Government should consider the matter.

I want to tell my honourable colleagues what I think about the silly idea of giving all we have to outsiders. They never seem to get enough. We are supposed to give still more all the time to countries that are richer even than we are, and all that without any compensation. I complained about that during the war. The idea of giving free loans, or loans without a guarantee, was sheer nonsense. I had a supporter in the Senate, the honourable Senator McLean, who spoke and wrote against it. Some others supported me also. But we were told that if these gifts were not made the revenues of Canada would not be large enough to pay for family allowances, and other stories of that nature.

I am going to ask of you, my honourable colleague, to think over what I have said. I know that a reform will not take place this year, but it may come next year, and if it does not come next year it may come the year after. When it does come it will be a matter of fairness to all concerned.

Hon. John G. Higgins: Honourable senators, it is with great trepidation that I venture into the realms of high finance, and with much diffidence and humility that I join my name with those of the great nabobs of law. I am only a lawyer in a small town, what is commonly known as a small-town lawyer. Whereas they are experts or specialists in finance, I am only a general dealer in law, taking things as they come, no matter what they are. But I do have this advantage

that, if one of my nabob friends got into serious trouble—for instance, involvement in a manslaughter charge—I could defend him with the same confidence as I would plead for him in a civil court. That is the advantage of being a general dealer in law in a small town. I am not boasting nor apologizing when I say that, but things are as they are.

Now, we are talking about investment companies, foreign investment companies. We had such companies in Newfoundland in former years, but we called them personal holding companies. Newfoundland was for many years the mecca for these. The Government got anywhere from $100 to $250 for allowing such companies to be incorporated there. Those companies could not carry on business in Newfoundland at all, in fact they did not have a business office there. Under the Companies Act every company was required to have a registered office, and the registered office was always that of the lawyer who incorporated the company. That was a great advantage, particularly for the lawyers, and we used to have a big list of companies that we represented posted on the walls of our offices. We could not place the names of the companies separately outside our doors, for there was not enough room, so we had to post them up inside on a list. Some lawyers represented forty, fifty, sixty or seventy such companies. I know of one firm of lawyers which had a list of two hundred such companies.

Now, that was a source of money for the country.

Hon. Mr. Aseltine: And for the lawyers.

Hon. Mr. Higgins: I am coming to that. We lawyers used to get anywhere from $25 to $50 a year for allowing our office to be used as the registered office of the company, and all we had to do was to file a share list and do certain things with the Income Tax department. We felt sure that the companies got some advantage out of this, but what it was, so far as Newfoundland was concerned, it was hard to understand, except that Newfoundland was happy to have them incorporate their companies there and get a fair amount of money for this. The lawyers who incorporated the companies got their fees, as well as annual payments for allowing the registered offices to be in their own offices. That was a lovely situation. In other words, as we say, "A good time was had by all."

But eventually the halcyon days came to an end. When Confederation arrived these companies had to go elsewhere, but where they went I do not know. If they are coming to Canada and opening up their offices here, I would advise the country to charge them $250 or more. I think you would be doing very well and they would be satisfied. Otherwise, let us get back to the old system we had in Newfoundland before Confederation. Please regard us in that respect as an independent country. We—particularly the lawyers—would be quite happy to have the companies again.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Pearson, bill referred to Standing Committee on Banking and Commerce.

EXPORT CREDITS INSURANCE BILL

SECOND READING

Hon. Léon Méthod moved the second reading of Bill S-22, to amend the Export Credits Insurance Act.

He said: Honourable senators, as mentioned in the title of this bill, its purpose is to amend the Export Credits Insurance Act, Revised Statutes of Canada, chapter 105, as amended by 1953-54, chapter 15; 1957, chapter 8, and 1957-58, chapter 15.

These amendments can be divided into two groups: Firstly, to increase the power of the corporation; secondly, to make a change in its management.

In regard to the first group, if we look at the present law we can see that by section 13 the corporation may, for the purpose of facilitating and developing trade between Canada and any other country, enter into a contract of insurance with a person carrying on business in Canada, called the exporter, to insure him against any risk of loss in the carrying out of a transaction with a foreign importer.

By the amendments, the corporation will have the authority to provide direct and unconditional guarantees to banks or other financing organizations, and in addition will be authorized to buy, sell, or make loans on guaranteed export paper. These new facilities should make available broader sources of financing for exporters of capital goods.

The core, if I may say, of this first group of amendments can be found in clause 5 of the bill, being subsection 2 of section 21A, which provides as follows:

(2) When authorized by the Governor in Council, the corporation may,

(a) guarantee, by an appropriate endorsement or otherwise, the payment of an instrument given by an importer to an exporter or to the nominee of

an exporter under or in respect of an export transaction entered into between the importer and the exporter;

(b) purchase a guaranteed instrument;

(c) lend money to the holder of a guaranteed instrument upon the security thereof; and

(d) sell a guaranteed instrument to any person.

At present the corporation can only insure the exporter against non-payment by the buyer. Under the proposed amendments, the corporation, by authority of the Governor in Council, will be able to give to any lender an unconditional guarantee of payment of the obligation of an importer to an exporter. In addition, as I explained previously, the corporation will be enabled to purchase a guaranteed instrument, to lend money on the instrument, and to sell the instrument to another person. This means that the corporation will be entitled to transfer this guarantee to a bank. As the Governor of the Bank of Canada, by reason of his office, has something to do with banks, there may be a conflict of interest between his two positions, and for this reason he has asked to be relieved of his responsibility in connection with the operation of this corporation, and we have the reason for the second group of amendments.

According to sections 3 and 5 of the Export Credits Insurance Act, a corporation known as the Export Credits Insurance Corporation was organized and placed under the management of a board of directors, composed of the members of the corporation and not more than four other directors appointed from time to time by the Governor in Council. The members of the corporation were the Deputy Minister of Trade and Commerce, the Deputy Minister of Finance and the Governor of the Bank of Canada. The purpose of the present bill is to leave the management of this corporation under the control of the Deputy Minister of Trade and Commerce, the Deputy Minister of Finance, and five other directors.

If we look at the bill we will see by section 1 that the words "and the Governor of the Bank of Canada" are deleted from section 3 of the act.

By section 2 of the bill, subsection 2 of section 4 of the act will no longer include the words "as a result of a contract of insurance", which words are deleted.

Section 3 of the bill would increase from four to five the number of directors to be appointed by the Governor in Council, in order that the board may be composed of the same number. The words "The Governor of the Bank of Canada" are deleted from subsection 4 of section 5 of the act.

I now come to section 5 of the bill. Under sections 13 and 21 of the act, the corporation can insure an exporter against any risk of loss, and the Governor in Council can authorize the corporation to enter into a contract of insurance in the national interest. This will remain as it is, because, as you will observe by section 4 of the bill, only subsections 3 and 4 are repealed, and these three sections are included in the new section 21B as subsections 1, 3 and 4.

By section 5 of the bill you have in subsection 1 of the new section 21A the interpretation of certain words which had to be included because this interpretation was in Part II of the Revised Statutes of Canada, 1952, chapter 105, which has been of no effect since January 1, 1948.

By subsection 2 of section 21A you have the increase of powers to the corporation, which I have already mentioned.

By subsection 3 of section 21A you have a power given to the Minister of Finance which is necessary in order to pay to the corporation out of the Consolidated Revenue Fund the moneys it may require to discharge any obligation which it may have undertaken under its new powers.

Subsection 1 of the new section 21B incorporates subsection 3 of the present law and covers the liability of an importer under all outstanding guaranteed instruments, instead of insurance only.

Subsection 2 of section 21B places on the corporation an obligation to remit to the Receiver General of Canada all moneys recovered under a contract of insurance or from the sale of a guaranteed instrument, etc.

Subsections 3 and 4 of section 21B of the bill incorporates subsections 4 and 5 of section 21 of the present law, with the necessary concurrent amendments.

Honourable senators, I hope I have explained all the modifications proposed by the bill to the present law. I may add, if honourable senators wish to have this bill referred to a committee, the President and General Manager of the corporation organized under this act will be pleased to appear and give you all the additional information you may require.

Hon. W. Ross Macdonald: Honourable senators, the honourable senator from Shawinigan (Hon. Mr. Methot) has given us an excellent explanation of this bill, and I compliment him for the clarity, brevity and completeness of his explanation.

The act which this bill would amend was put on the statute books to enable Canadian companies to do business with foreign corporations, more particularly corporations situated in that part of the world with which we have not in the immediate past had very favourable relations. As I do not know how

these transactions have worked out, I am interested to learn whether the corporation in insuring foreign business people has lost or made money. The honourable senator who explained the bill said he would be in favour of having it referred to a committee. I agree with this proposal in order to get information with respect to activities under this act from the officers who will appear before the committee.

The bill in the first instance sets out a proposed change in the management. Previously the corporation was managed by the Deputy Minister of Trade and Commerce, the Deputy Minister of Finance, the Governor of the Bank of Canada and four directors. It is now proposed that the Governor of the Bank of Canada be relieved of any responsibility in connection with administration of this act. I did not understand clearly from the explanation of the honourable senator from Shawinigan why the Governor of the Bank of Canada wanted to be relieved. Probably that can be explained more fully in committee. After passage of this bill the corporation will be composed of the members of the corporation and not more than five other directors. Just what will be the result of carrying on business under the new management, only the future will show.

Apparently the corporation is to have much wider powers in the future than it has had in the past. As I understand the act, at the present time all that the corporation can do is insure exporters by way of a straight insurance policy. I presume a premium is paid, and if there is a loss the corporation sustains it, and the exporter gets his money, provided he has paid the premium.

The corporation is to be empowered to carry on the business of a finance company, to take notes, mortgages, liens and other forms of securities, and to hold those securities against the money the corporation advances to the exporter. But, honourable senators, the corporation can go much further than that. It can sell the security, whether it be a lien, chattel mortgage, or other security. I suppose the corporation can sell at a discount. If it sells at a discount then, of course, there will be a loss on the transaction. Probably it would be a good thing to sell some securities if the corporation feels the risk of holding them is too great. Under its new powers the corporation can sell securities at a loss if it deems it advisable to take the loss. It may be a good thing. I am not saying it is not a good thing. I do feel, however, that the bill should go to committee, and we should have further information as to what the corporation expects will be the result of its receiving these wider powers.

Hon. Calvert C. Pratt: Honourable senators, I have not had an opportunity of studying this bill or examining the implications of it, but I would just like to say that I am quite sure there is need for far more extensive services of an export credits insurance organization in Canada than have been available in the past.

I remember examining, some two or three years ago, the extent of the insurances applicable to Canadian exports and comparing the figures with those of similar services in the United Kingdom. I discovered we were insuring only an insignificant amount of our exports compared with the proportion which the exporting industries of the United Kingdom were in the habit of insuring.

This agency here was, I then thought, tied in too closely with official routine and was controlled by certain stipulated rules and regulations which denied the basic principles of insurance. After all, to say that an insurance organization must perform its services where there is an absolute minimum of risk of loss denies insurance. The rates should be fixed, as they are in other places, for the services having regard to the various classes of risks that are involved. I would very much like to see—and I think it is very important in the development of the export trade of Canada—wider scope given to an organization which carries out the function of insuring exports, and in my opinion the organization should not be under too close supervision or dictation from any Government department, and should be able to act as a broadly recognized insurance agency.

I think we have a great use for these services in the export trade of Canada, and I shall be very glad if the effect of this bill is to enlarge the corporation's scope and give it wider powers than it has had in the past.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Méthot, bill referred to Standing Committee on Banking and Commerce.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, May 28, 1959

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

Prayers.

ADJOURNMENT

Hon. W. M. Aseltine: Honourable senators, with leave of the Senate, I move that when the Senate adjourns today it stand adjourned until Tuesday next, June 2, 1959, at 8 o'clock in the evening.

Motion agreed to.

CONVENTION ON ABOLITION OF FORCED LABOUR

DISTRIBUTION OF COPIES

On the notice of motion by Hon. Mr. Aseltine:

That it is expedient that the Houses of Parliament do approve the Convention No. 105, concerning the Abolition of Forced Labour, which was adopted by the International Labour Conference at its 40th session at Geneva on the 25th day of June, 1957, and that this house do approve the same.

Hon. Mr. Aseltine: Stand.

Hon. W. Ross Macdonald: Honourable senators, may I ask the honourable Leader of the Government (Hon. Mr. Aseltine) if copies of this convention have been distributed? I recall that it was tabled, but a number of senators have mentioned to me that they do not know what the convention says, and they have inquired if it is possible to obtain copies.

Hon. Mr. Aseltine: I will see what I can do in that regard. I might say that we expect to go on with the debate on that motion on Tuesday. We will see if we can have copies of the treaty by that time for everyone.

EXCISE TAX BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. William R. Brunt moved the second reading of Bill C-47, to amend the Excise Tax Act.

He said: Honourable senators, the Excise Tax Act is an act which, in the main, imposes indirect taxes rather than direct taxes, and for that reason the general public are not as well acquainted with it as they are with the Income Tax Act. Also for that reason I would say that this act is less unpopular—I will not say it is more popular—with the general public than the Income Tax Act is.

Hon. Mr. Aseltine: Do you say that excise taxes are hidden taxes?

Hon. Mr. Brunt: Well, they may be.

In spite of the fact that the act deals generally with indirect taxes, Governments have for years raised tremendous sums of money under the Excise Tax Act. For years Governments have found that it has been necessary to amend this act practically every session in order to keep it in line with changes taking place in modern business conditions, and with the changes in the rates of tax imposed under it. Bill C-47, which has been passed by the House of Commons, will further amend the act, and I now have the privilege of presenting this bill to the house.

The proposed changes deal with the following subject-matters: cosmetics, pharmaceuticals, an export duty on electricity, a tax with respect to the packaging of certain goods, the taxing of licensed wholesalers under special circumstances, the cancellation of licences under certain circumstances and the cancellation of guarantee bonds that have been issued pursuant to the terms of the present act, and refunds of tax. There is a new provision dealing with false representations as to uses of certain chattels sold free of income tax. A very important change is an increase in the tax on cigarettes. Finally, the bill provides for a change in the tax imposed on stock conditioners and animal foods, and the sales tax imposed on tanks used exclusively for the collection of milk.

To deal with the bill more specifically: clause 1 copies from a schedule to the present act the definition of cosmetics and places it in the act itself, so that the administration of the act is made easier.

Hon. Mr. Connolly (Ottawa West): How?

Hon. Mr. Brunt: It enables a person to find the definition of a term in the act itself without referring to any of the schedules.

Hon. Mr. Connolly (Ottawa West): Is it of any real advantage?

Hon. Mr. Brunt: Yes, I think it is. It is convenient if a person can find in the act itself the meaning of an important word used in the act. He is not put to the trouble of looking through some appendix to the act to find the meaning of the word. It is usual for acts to define the meaning of important words. I agree with the department that by taking the definition of "cosmetics" out of the schedule and putting it in the act itself you do simplify matters.

Clause 1 also extends the meaning of "manufacturer or producer" and was put in

the bill in order to implement paragraph 5 of the Excise Tax resolution, which paragraph reads as follows:

That the definition of "manufacturer or producer" be extended to include any person who markets, except by sale at retail directly to consumers or users, toilet articles, preparations, cosmetics or pharmaceuticals manufactured under his own brand.

Hon. Mr. Macdonald: I understand you are reading from the resolution now?

Hon. Mr. Brunt: That is right. I am reading from the budget resolution; I thought I should refer to it.

Finally, clause 1 sets out a definition of "pharmaceuticals". I think I should point out to honourable senators that this definition is modelled after a definition of the same word as used in the Food and Drugs Act.

Hon. Mr. Wall: Before the honourable senator continues, may I ask what is the purpose of the change in the meaning of the term "manufacturer or producer"?

Hon. Mr. Brunt: The purpose is to bring it up to the present day definition of a manufacturer, to bring it in line with modern business practice.

Clause 2 of this bill, dealing with the matter of export duty on electricity as now in effect under the Exportation of Power and Fluids and Importation of Gas Act, is taken out of that particular act and placed in the Excise Tax Act. No change has been made in the rate of duty. However, I think it is important to point out that under the Exportation of Power and Fluids and Importation of Gas Act the rate of duty was fixed by the Governor in Council, while by clause 8 of Part II of this bill you will note that the rate of export duty on electric power is fixed by this bill. In other words, it will now be fixed by statute, and in the future it can only be changed by statute. I understand there is a possibility that some of the power companies are not too pleased with this and they intend to send representatives to appear before the committee when the bill is referred to committee. I think they prefer to have it fixed under the old method.

Hon. Mr. Macdonald: Does the honourable senator know why they prefer the old method?

Hon. Mr. Brunt: Yes. Changes could be made more quickly. If you wanted to change the export duty of power you could only do it when Parliament was sitting, if you left it in its present form.

Hon. Mr. Macdonald: Previously it could be changed upward without the consent of Parliament?

Hon. Mr. Brunt: Oh, yes, by order in council.

Hon. Mr. Thorvaldson: In other words, the cabinet could raise a tax without consent of Parliament?

Hon. Mr. Brunt: They could change the rate of duty.

Hon. Mr. Connolly (Ottawa West): Which one do you prefer?

Hon. Mr. Brunt: I am neutral on it.

Hon. Mr. Wall: How do the statutory rates compare with the actual rates now in effect?

Hon. Mr. Brunt: I haven't a clue.

Hon. Mr. Pratt: Does this take the place of the variable rates of tax in force before or is it just a straight uniform tax now?

Hon. Mr. Brunt: It is just a transposition from the old act to this bill. No change is made in the rates of duty that are now in force.

Honourable senators, clause 3 was inserted in this bill for the purpose of simplifying the valuation of certain types of goods and their containers, for the purpose of imposing the special excise tax. Frankly, this is a rather complicated matter which I doubt I could satisfactorily explain, and for that reason I am going to leave the matter of a full explanation to the experts who will appear when this bill is being studied in the appropriate committee, where it will be discussed clause by clause. However, in order to give a very simple explanation with respect to this clause I would refer honourable senators to the explanatory note which simply states that packages in which imported goods are packed shall no longer be required to be subject to the same rate of customs duty as the contents of the packages.

Paragraph 2 of clause 4 does exactly the same thing with respect to sales tax as the previous clause does with respect to the special excise tax.

Paragraph 4 of the budget resolution dealing with the Excise Tax Act reads as follows:

That the definition of producer or manufacturer be extended to include any person who packages toilet articles, preparations, cosmetics, pharmaceuticals for sale except when they are packaged by a retailer in his retail premises for sale from there directly to consumers or users.

This particular clause is included in this bill in order to implement that paragraph.

The principle as set out in clause 4 of the bill has been applied in connection with the sale of candy, chocolates, chewing gum and confectionery for many years and it is now proposed to extend this same principle in connection with the sale of cosmetics and pharmaceuticals.

Clause 5 was inserted in the bill in order to implement paragraph 6 of the Excise Tax Act budget resolution, which reads:

That the sales tax be imposed, levied and collected on goods purchased or imported by a licensed wholesaler and retained for his own use or for rental to others.

This clause brings the statute up to date with modern business practices, since today many licensed wholesalers rent their equipment for use by others rather than selling it outright. This clause provides for the imposition of a sales tax in a case such as this.

The clause also provides for the imposition of sales tax in the case of a licensed wholesaler retaining certain equipment for his own use rather than renting it or selling it to some other person or corporation.

Clauses 6 and 8 are of some importance. Possibly some honourable senators do not realize that if a person or corporation holds what is known as a sales tax licence it is not necessary for such person or corporation to pay a sales tax at the time of purchase of goods and wares. Rather, the person or corporation simply quotes his or its sales tax licence number and then such goods are exempt at that time from payment of sales tax. Prior to last year these licences were renewed annually upon the payment of a fee of $2, and in this manner the minister was able to exercise a certain amount of control over the issuing and renewing of licences. However, under the amendments which were made last year such licences became permanent, and it is no longer necessary to renew them from year to year. This particular clause restores to the minister a certain amount of control over all persons or corporations holding what is known as a sales tax licence. It is purely an administrative clause to aid the department in the control of these licences.

Hon. Mr. Reid: Can the licences be transferred?

Hon. Mr. Brunt: No. If you have no further use for your licence, you surrender it.

If honourable senators will look at clause 7 of the bill they will note that that particular clause deals with the cancellation of guarantee bonds. Previously when a guarantee bond was cancelled no further claim could be made under it. With this amendment, even though a guarantee bond is cancelled it remains in force and in effect with respect to the goods covered by it and still in the hands of the wholesaler.

Section 9 was put in the bill for the purpose of satisfying the demands of the provinces, who have many times requested the minister to make provision for the payment of refunds of sales tax direct to the provinces, rather than have the provinces collect such refunds from the wholesaler or seller of goods. In other words, the provinces prefer to pay the tax to their suppliers and then make a direct application to the minister for a refund of all taxes paid by them.

Clause 10 is something entirely new, and was inserted in this bill for the purpose of protecting innocent vendors from false statements of use furnished to vendors by purchasers. For example, let us suppose a contractor goes to an implement agent and buys from him a tractor which the contractor states will be used solely for work on his farm. The contractor completes a certificate to that effect, delivers it to the agent, and the agent sells the contractor a farm tractor free of sales tax. The contractor uses the tractor on his farm for six months. He then finds he needs the tractor on a road job, and he takes this piece of equipment off the farm and puts it to work on a road contract. In such a case the sales tax becomes applicable to that particular piece of equipment, and the vendor —that is the implement agent—is liable for the sales tax, and the department can collect it from him. This clause gives the implement agent the right to recover from the contractor any sales tax which he has been compelled to pay to the Government on that equipment.

Hon. Mr. Monette: May I put a question?

Hon. Mr. Brunt: Yes.

Hon. Mr. Monette: My question may appear childish, but it concerns the meaning of some words. It has been said that this section is provided to protect the manufacturer or seller when a purchaser has made a false declaration. The new section 68 set out in clause 10 of the bill reads in part:

—the wholesaler, producer, manufacturer or importer, as the case may be, is entitled to recover from the purchaser the taxes paid by him under this act in respect of those goods.

I don't know whether this is a foolish question, but does the word "him" have an equal application to the purchaser as well as to the person who makes the claim? The language of the section is that "the wholesaler, producer, manufacturer or importer, as the case may be, is entitled to recover from the purchaser the taxes paid by him". Surely that does not mean the taxes paid by the purchaser?

In view of the rule in matters of the burden of statutes, the subject should have the benefit of any doubt. Therefore I ask the question, is there a chance that the word "him" could apply to the purchaser rather than to the wholesaler who claims? Does it mean that the wholesaler shall be entitled

to recover from the purchaser the taxes paid by the wholesaler, or the taxes paid by the purchaser? If there is that uncertainty, perhaps we should clarify the words "paid by him".

While I am on my feet, may I ask a second question? The honourable senator gave as an illustration a contractor who buys a tractor for work on his farm and two or three years later decides to utilize it in another operation. Would sales tax be applicable in such circumstances? Would not the purchaser have used the tractor for the purpose for which he declared it would be used at the time he made the declaration?

Hon. Mr. Brunt: In answer to the first question, I may say I know it to be the intention of the department to have the word "him" refer to the actual vendor of the piece of equipment in the first instance. There may be some doubt as the clause is drawn, and it may have to be cleared up when the bill is considered in committee.

Hon. Mr. Monette: It is not a matter of much concern to myself or some other senators, but if it should come before the courts it might be troublesome.

Hon. Mr. Brunt: I think I can answer the second question asked by the honourable senator by citing what happened in the province of Manitoba this past winter. During the months of January and February there was in that province a great deal of snow, and farmers took their farm tractors out and used them to plow the highways and keep them open for traffic. This was not done on just the odd day—I understand that in the circumstances of a sudden emergency the department will overlook such use of a piece of equipment—but these tractors were used off and on for a period of two months. This was brought to the attention of the department, and under the act it was deemed that sales tax had to be imposed because the tractors in question had originally been purchased without payment of sales tax on the representation that they would be used exclusively in farm work and now they were being used on the highway.

Hon. Mr. Hugessen: May I ask my friend a question on that point? Does he think the wording of this section covers that particular case?

Hon. Mr. Brunt: I was just trying to answer the honourable senator's question as to the period of time. What the department did in those circumstances was this: it estimated the life of the tractors to be five years, and the farmers, who had used them on highway work in January and February, were compelled to pay two-sixtieths of the sales tax.

Hon. Mr. Hugessen: Again, may I ask my friend if he is sure this amendment would cover the case he specifies? The section would come into effect only if the farmers had falsely represented that the tractors were intended for use on the farm.

Hon. Mr. Brunt: That is right.

Hon. Mr. Hugessen: Well, at the time they purchased the tractors they made no false representation. How would they know that some months later they would have to use them for road clearing?

Hon. Mr. Brunt: The department construes the representation to be in effect for the lifetime of the vehicle.

Hon. Mr. Hugessen: It seems to me that the representation is made at a certain point in time—

Hon. Mr. Brunt: That is right, when the equipment is purchased.

Hon. Mr. Hugessen: —namely, when each farmer buys a tractor from the agent. When he makes his representation he is perfectly correct in saying that the tractor is to be used only on his farm.

Hon. Mr. Monette: Would that be a false declaration under the act, since it was not false at that time?

Hon. Mr. Huggessen: It would not be false at that time.

Hon. Mr. Brunt: But the department construes it to be a false representation once the tractor in question is used for anything but farming work.

Hon. Mr. Hugessen: But a false representation must have a point of time. It must be false at the time it was made.

Hon. Mr. Macdonald: It is not a question of construing it. It is a question of the wording of the clause. The clause says:

> Where a purchaser of goods from a wholesaler, producer, manufacturer or importer—

And these are the important words—

> —has falsely represented—

I do not see how anybody can construe something as being false if it was not false.

Hon. Mr. Brunt: I can only give to honourable senators the explanations that were given to me. It is quite possible that this is another case where the Senate comes to the rescue of the people of Canada by clarifying, correcting and perfecting legislation that has originated in the other place.

Hon. Mr. Beaubien: May I ask the honourable senator a question? I might say that there are some municipalities which have

not a great deal of machinery for keeping the roads open in the wintertime. Now, because of the increased school areas today children have to be transported, and last winter many farmers in Manitoba used their tractors when the municipalities did not have the equipment to clear the roads.

Hon. Mr. Brunt: That is right.

Hon. Mr. Beaubien: Would those tractors be subject to sales tax?

Hon. Mr. Brunt: The tax was imposed in that identical case, and what was collected was two-sixtieths.

Hon. Mr. Beaubien: What do you mean by two-sixtieths?

Hon. Mr. Brunt: The department estimated the life of the vehicles to be five years, which is 60 months. The farmer used them for plowing snow on the highways for two months, so they were charged two-sixtieths of the amount of the sales tax.

Hon. Mr. Golding: May I ask the honourable senator a question? Were the farmers paid by the Department of Highways for the use of the machines?

Hon. Mr. Brunt: Yes, they were paid by the municipality.

Hon. Mr. Power: From the explanation given by my honourable friend I would think that the department acted, as it always does, under other sections already in the act. However, the point to which this new section refers is not the department's action, but the action of the wholesaler. It is an action at law as between the purchaser and the vendor, and it has nothing to do with the department. Under those circumstances I would be inclined to agree with the senators who have said that in a court of law the vendor would not likely be able to maintain an action on the basis of false representation. Notwithstanding that, the department, with all the powers it has conferred on it—extraordinary powers in other respects—would have been able to impose on the farmers and make them pay the sales tax, but that does not mean that as between two individuals this new section will be of any use.

Hon. Mr. Brunt: If that is the case, let us rectify the clause when the bill is in committee.

Hon. Mr. Aseltine: They were not charged with false pretences.

Hon. Mr. Brunt: No.

Hon. Mr. Pearson: May I ask a question? It seems to me that a lot of difficulties could arise from this clause. I can see the case of a *bona fide* purchaser of a tractor living in the western part of Manitoba who moves into Saskatchewan, say over into Saskatoon, and after a year of farming in Saskatoon he says, "It is no good; I am going into the contracting business", or he sells out to a contractor. In that case the vendor would be in a very difficult position. He would have to find this man or the second or third or fourth purchaser of the vehicle before he could get his money back.

Hon. Mr. Brunt: Yes. I raised that point myself, although I did it a little differently. I said, suppose a farmer bought a tractor, used it for three years, and then died. His executors, in winding up his estate, have an auction sale, and the tractor is sold to a second farmer, who may use it for half a year and then sell it to a contractor. I was assured that in such a case the sales tax would be forgotten about altogether, that the department did not attempt to go beyond the first purchaser from the wholesaler.

Hon. Mr. Davies: That is not quite fair, is it?

Hon. Mr. Macdonald: It is grossly unfair, in my opinion.

Hon. Mr. Monette: With leave of the Senate may I add a word, although I might not be in order? At first I did not expect so many people to express so strong an opinion, and I want to make it clear that I am not opposing the idea that is explained—

The Hon. the Speaker: Is this another question?

Hon. Mr. Monette: Yes, it is another question now.

Hon. Mr. Macdonald: That is the preamble.

Hon. Mr. Monette: Suppose a judge is asked to determine whether, when the declaration was made, the maker of the declaration falsely represented the intended use. If the judge decides there was no false representation, the case is lost.

Hon. Mr. Brunt: Once again, honourable senators, I suggest we leave this until the bill is before the committee, where we can make whatever amendments are necessary to clear it up.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Beaubien: Suppose a farmer buys a tractor, on which he does not pay sales tax, and uses it on his farm, and later sells it. For what period would he be liable for sales tax? Is there a limited number of years?

Hon. Mr. Brunt: I am advised that the department estimates the life of a tractor to be five years, or sixty months.

I come now to clause 11, in which I would say nearly all honourable senators will be interested. I know that it is very unpopular with many honourable senators, but, still, I am assured that the minister felt that the proposed change was necessary. It is a very simple change and I do not intend to elaborate on it.

Hon. Mr. Macdonald: I don't think we should necessarily have the minister's opinion at the present time.

Hon. Mr. Brunt: I thought you might be interested in his opinion, and that is why I gave it. All that the clause does is to increase the excise tax on each five cigarettes or a fraction thereof as contained in any package from 2 cents to 2½ cents. On a package of 20 cigarettes the actual increase amounts to 2 cents, and on a package of 25 cigarettes the increase amounts to 2½ cents. This particular clause implements and carries out paragraph 1 of the Excise Tax Act portion of the budget resolution.

Hon. Mr. Macdonald: And all the promises made during the election campaign.

Hon. Mr. Brunt: All right, it carries them out too.

The increase in the excise tax on cigarettes is estimated to produce an additional $30 million for the balance of the fiscal year 1959-60, and for a full fiscal year it is estimated to produce $34 million.

For the information of honourable senators I would like to point out that it is estimated the total revenue from this tax for the fiscal year 1959-60 will be $168 million. For each full fiscal year thereafter the total revenue which this tax will produce is estimated to be $172 million.

Hon. Mr. Hugessen: And it will all go up in smoke.

Hon. Mr. Crerar: May I ask whether that is the tax on all tobacco—cigars, cigarettes and pipe tobacco?

Hon. Mr. Brunt: No, just on cigarettes.

Hon. Mr. Beaubien: I believe the honourable senator said a moment ago that on a package of 20 cigarettes the increase in tax would be 2 cents?

Hon. Mr. Brunt: That is right.

Hon. Mr. Beaubien: How is it that the retail merchants have increased the price of a package of 20 cigarettes by 4 cents?

Hon. Mr. Brunt: I cannot answer my honourable friend's question.

Hon. Mr. Macdonald: You neither buy nor sell them.

Hon. Mr. Brunt: Nor smoke them.

Hon. Mr. Beaubien: Well, I pay the penalty, but I don't mind.

Hon. Mr. Connolly (Ottawa West): The corporation tax has gone up and I suppose an allowance has to be made for that as well.

Hon. Mr. Brunt: Yes.

Clause 12 of the bill makes certain amendments to schedule 3 to the act by striking out of that schedule certain words which are set out in detail in this clause. It provides that materials used exclusively in the manufacture of food supplements as an addition to breeder cattle and other stock feeds, and also materials used exclusively in the manufacture of tanks for collecting milk, are all exempt from the payment of sales tax. However, the exemption with respect to materials used exclusively in the manufacture of tanks for collecting milk is not broad enough to include chassis or cabs of automobiles or trucks used for that purpose.

Clause 13 is the usual clause inserted in all legislation such as this with respect to the date upon which it is to go into force.

Honourable senators will note that clauses 1, 3, 4, 11 and 12 are deemed to have gone into force on the 10th day of April last, being the day after the budget speech was given.

Clause 20 will come into force on a date to be fixed by proclamation of the Governor in Council. Clauses 6 to 10, inclusive, will come into force when this bill receives royal assent.

Hon. Mr. Burchill: The honourable senator mentioned a figure of $168 million. Does that represent the entire tax on cigarettes or just the increase?

Hon. Mr. Brunt: That is the estimated entire tax on cigarettes for the fiscal year 1959-60. The increase this year is estimated to be $30 million.

Hon. Mr. Reid: In clause 12(1) of the bill I see the following words:

> Feed supplements for addition to poultry, cattle and other stock feeds and materials to be used exclusively in the manufacture thereof.

Does that mean that manufactured feed supplements such as turkey pellets for poultry will be taxed a little heavier now?

Hon. Mr. Brunt: No. This is an exempting section.

Hon. Mr. Reid: I am thankful to hear that.

Hon. Mr. Brunt: This is put in the act for the purpose of removing the tax off certain things rather than imposing an additional tax.

Hon. W. D. Euler: Honourable senators, it is not my intention to discuss the various

sections of the bill but rather to make a few observations with regard to the general increase in taxation, particularly with reference to the increase of 1 per cent in the sales tax.

So far as the general increase in taxation is concerned, I have said on previous occasions in this house that we are wasting a great deal of tax revenue. I have particular reference to what we call defence expenditures. I am not opposed to expenditures on legitimate defence, but from what one learns it would seem that a great deal of defence spending is wasted. We heard again in committee only this morning that millions of dollars are being wasted on so-called defence because we are not getting the protection for which we are paying. If we did not spend these millions of dollars—in fact, the expenditure runs into billions of dollars, according to an article I have here—it would not be necessary to increase taxes under this bill. My remarks would be just as applicable to the Income Tax Bill which we discussed yesterday.

Most honourable senators probably read in last evening's newspapers this headline:

Inventor's Warning: Billions Wasted on Radar Systems

The warning was made by Sir Robert Watson-Watt, whose invention of radar is generally credited with saving Great Britain from destruction by the German air force in World War II.

His warning is certainly sufficient reason for the Government to scrutinize our defence spending. If our money is not being well spent, let us stop wasting it. Let us ease the burden on the taxpayers and save the Government from having another deficit.

Honourable senators, those are my general comments. I have made them before in this house, and I have no delusion that the Government has paid any attention to them, but on one occasion last fall I did protest to the Prime Minister that he should not waste any further money on the Arrow. I do not flatter myself that it had anything to do with his decision, but he made it, anyway.

I want to make a brief reference to one particular commodity, and I hope I shall not tire my friends in the house by doing so. During World War I margarine was a legal commodity in this country. Later on both its manufacture and importation were prohibited. The importation is still prohibited. The manufacture is now legal, but manufacturers are not permitted to colour their product. As most honourable senators know, on three different occasions I brought in a bill to make margarine a legal commodity, and they were all defeated. Now, away back during World War I, when margarine was legal, there was no such thing as a sales tax. Later on, when margarine was banned, a sales tax was imposed, but butter and practically all other food commodities were placed on the list of exemptions. Naturally, margarine was not then placed on that list, because it could not be legally imported or manufactured. However, it has now been a legal article of food for some years, but it is still not included among the exemptions. Some senators will remember that I urged that margarine should be exempted from sales tax in accordance with the general principle of exempting food products from that tax. Now, once again, I say margarine is surely a food product, and for that reason it should be included in the list of exemptions. I had no success whatever with the former Government. I never did have very much, as a matter of fact.

Hon. Mr. Macdonald: Do you now?

Hon. Mr. Euler: Probably not. But I have the very remotest sort of hope that the present Government will be a little more realistic and a little fairer and place margarine on the exempted list. There is a 10 per cent sales tax on margarine, and has been for the past few years. To increase this tax is just adding insult to injury.

Hon. John J. Connolly (Ottawa West): Honourable senators, I have just a word or two to say in respect to this bill, and I do so now because I shall not be able to be here next Tuesday evening.

If I read section 5 of the bill correctly, the effect of the section is to give a certain exemption from sales tax. Now, this is a very mild form of criticism, and perhaps I am becoming a purist, but a sales tax is normally applied to a transaction of sale. What is contemplated here is a rental transaction. It is another instance of a tax designed for a specific type of thing originally and later broadened out and applied to something different. Here you are dealing with a tax on a rental transaction in a section of a bill which deals with sales tax.

In respect of section 10, it seems to me, after the discussion that has taken place, that the administration of this section will probably present a real problem to the department. Perhaps in the long run it will be determined that it is not worth while having this section simply to collect the small amount of money that apparently can be collected under it.

Hon. Mr. Brunt: But this section does not deal with the collection of tax by the department. It only allows the wholesaler to collect tax paid by him from the purchaser. That is the purpose of this section.

Hon. Mr. Connolly (Ottawa West): Surely the wholesaler in turn will send any collections he makes to the department?

Hon. Mr. Brunt: The department just claims it and he has to pay it.

Hon. Mr. Connolly (Ottawa West): That is right; so it is an indirect way of the department getting a little more sales tax.

Hon. Mr. Brunt: No. This allows wholesalers to recover what they pay. They have to pay it regardless of this section; they are paying it now.

Hon. Mr. Connolly (Ottawa West): I am talking of section 10. When discussing this section my honorable friend mentioned the case of a farmer who buys a tractor for use on his land and pays no sales tax. Then after he has used it on the farm for a while he uses it for other purposes and has to pay a sales tax.

Hon. Mr. Power: The section does not refer to that. That is being done now anyway.

Hon. Mr. Brunt: That has been done all along. This section gives the wholesaler the right to collect sales tax from the purchaser after having paid it to the Government. At the present time he has not that right.

Hon. Mr. Connolly (Ottawa West): Oh, I see.

Hon. Mr. Power: This section has to do with legal actions between private citizens.

Hon. Mr. Connolly (Ottawa West): In that case, I think it deserves very careful attention.

Hon. Mr. Brunt: That is right.

Hon. Mr. Connolly (Ottawa West): I am afraid I misunderstood the purport of the section as it was being explained. As I see it now I think the section should be very carefully examined.

Hon. Mr. Power: I do not know why it is here at all. It just gives one private citizen a right of recourse against another, if the first citizen has to pay sales tax to the Government on account of false representations made to him. He would have that under the civil law of Canada, would he not?

Hon. Mr. Brunt: The department claims not, and says it should be provided for in the act.

On motion of Hon. Mr. Beaubien, for Hon. Mr. Hayden, debate adjourned.

FREIGHT RATES REDUCTION BILL

MOTION FOR SECOND READING—
DEBATE ADJOURNED

Hon. John Hnatyshyn moved the second reading of Bill C-38, to make provision for the reduction of certain class and commodity rates on freight traffic.

He said: Honourable senators, I think it is only fair to say that I am not an expert, and never pretended to be an expert, on freight rates. My hope is that this bill will go to the Standing Committee on Transport and Communications, where, if there are any technical points to be answered, officials of the Board of Transport Commissioners will be present and able to deal with those points much better than I can.

If I may I will give a little background to this bill. Honourable senators will recall that on November 26 last year the Minister of Public Works, who was then the Acting Prime Minister, stated that measures would be worked out to relieve inequities in the freight rates structure. This bill is designed to carry out that intention—to alleviate to some extent the burden of the general freight rate increase of 17 per cent that was authorized on November 17, 1958, by the Board of Transport Commissioners, by its Order No. 96300. It was subsequently stated in the Speech from the Throne that legislation would be introduced to alleviate the discriminatory effects of the recent horizontal increase in freight rates.

The increase that was granted by the board, as honourable senators will recall, was appealed by eight of the provinces to the Governor in Council, but the appeal was not allowed, as the Governor in Council felt that the railways were entitled to the additional revenues for which they asked at that time. However, it was stated that the Government would take steps to relieve shippers, and I think, ultimately, the consumers, from the full impact of this increase.

The legislation now proposed is only an interim measure designed to secure reductions in certain freight rates and to compensate the railway and water carriers subject to the board's order by means of a subsidy of $20 million over a one-year or 12-month period. It is not a subsidy for any other purpose than to alleviate the inequities brought on by the order of last November wherein freight rates were increased by 17 per cent. The Prime Minister recently announced the appointment of a royal commission to undertake a comprehensive inquiry into problems relating to railway transportation and alleviating of inequities in the freight rate structure. The proposed legislation accordingly limits the reduction in rates to a

12-month period, by which time the Government, I think, hopes a report will be available to it from the royal commission.

The freight rates that are to be reduced are the normal class and commodity rates that were increased by 17 per cent pursuant to the board's order and that are in effect on the date when this act comes into force. This is considered by the Government to be the most effective relief that could be given with the money available. Joint rail-water rates which bear a fixed relationship to rail class and commodity rates are also to be reduced. It is these all-rail and rail-water rates—generally referred to as "normal" rates—that are the ones that have borne the full percentage increases authorized by the board since the end of World War II.

Some other freight rates or charges will not be affected by this proposed legislation. These include agreed charges, rates on coal and coke, statutory rates on grain and grain products and grain rates related thereto, export and import rates to and from Canadian ports which are maintained on a parity with rates to or from United States ports, and joint international rates between the United States and Canada. Competitive rates are also excluded. Competitive rates are rates which are already lower than the normal rates.

Hon. Mr. Macdonald: Would the honourable gentleman explain what is meant by "competitive rates"?

Hon. Mr. Hnatyshyn: They are lower than the normal rates charged by the railways and are due to competition from truckers or other people who have set rates lower than the normal rates.

Hon. Mr. Macdonald: And they will not be affected by this act?

Hon. Mr. Hnatyshyn: No, they will not be affected by this act.

Hon. Mr. Macdonald: Even if the reduction is very, very small?

Hon. Mr. Hnatyshyn: My understanding from the Board of Transport Commissioners is that they will not be affected if they were not normal rates on the date that this blil becomes law. Now, I may be wrong on that.

Hon. Mr. Taylor (Westmorland): I think you are right, but if you are not you should be.

Hon. Mr. Hnatyshyn: This bill was introduced in the other place and was referred to the Standing Committee on Railways, Canals and Telegraph Lines and received three days of hearing, at which various views were expressed and considered, but I am not going to deal with those.

Perhaps, for the information of this honourable body, it might not be out of place to mention a few matters which may be questioned.

As to the amount of the subsidy of $20 million, some inquiries may be made as to how this amount was arrived at and if it has any relation to any particular factor. The answer is that $20 million was simply the amount that the Government felt should be made available and could be appropriated out of the general revenues to relieve the effects of the last 17 per cent increase in freight rates. It is $20 million and no more. It has been indicated that this amount of $20 million would result initially in a reduction of 7 percentage points, which would reduce the 17 per cent increase to 10 per cent. But this again, honourable senators, is an estimate.

Hon. Mr. Reid: Wasn't the $20 million just a guess?

Hon. Mr. Hnatyshyn: No. The $20 million is going to be paid by the Government to the railways.

Hon. Mr. Reid: I know that, but wasn't the amount arrived at by guesswork? They had no figures on which they could arrive at a definite amount.

Hon. Mr. Hnatyshyn: It was merely decided that $20 million was what the Government was willing to pay to the railways to alleviate the inequity or unfairness in the increase. Now, whether that will effect a decrease in the 17 per cent figure to 10 per cent or 10.5 per cent is problematical.

Hon. Mr. Pratt: Is there any agreement as to the amount of reduction in freight rates to be made by the railways by reason of their receiving this $20 million?

Hon. Mr. Hnatyshyn: No. This amount of $20 million is to be paid to the railways, and it is to be paid on the report of the Board of Transport Commissioners that a decrease in the rates has taken place.

Hon. Mr. Higgins: May I point out to the honourable senator that the bill provides that the amount shall not exceed $20 million. Section 4 (2) says:

> The aggregate of all payments under this section shall not exceed twenty million dollars.

The amount to be paid may be less.

Hon. Mr. Hnatyshyn: My information is it will be $20 million, and no more.

Hon. Mr. McDonald: Is this not just a contribution?

Hon. Mr. Hnatyshyn: It is a temporary subsidy to alleviate the unfairness of the

recent freight rate increase, which the Government felt had to be given to the railways, as those revenues were needed.

Now, the next question I may be asked is how the three main regions of Canada will benefit by the division of the subsidy amongst them. The Board of Transport Commissioners from its statistics has estimated that the western region would obtain 56.7 per cent of the subsidy; the central region, consisting mainly of Ontario and Quebec, 26.5 per cent; and the Maritime region, 16.8 per cent.

Hon. Mr. Reid: And nothing for British Columbia?

Hon. Mr. Hnatyshyn: In dollars, the western region will receive $11,340,000 of this subsidy, the central region $5,300,000, and the Maritime region, $3,360,00. That again is just an estimate that has been worked out by the Board of Transport Commissioners.

Hon. Mr. Reid: What is the figure for British Columbia?

Hon. Mr. Hnatyshyn: There is no figure for British Columbia. It has been worked out for the western region, which I understand is from Port Arthur west.

Hon. Mr. Reid: It will have to be paid out of the $20 million.

Hon. Mr. Wall: Is there any estimate from the Board of Transport Commissioners as to the relationship between these savings as they will benefit each of the respective regions and the total amount of freight charges that will be paid by the respective regions?

Hon. Mr. Hnatyshyn: There is an estimate by the commission, taking the present volume of traffic—we don't know what the volume will be in the future—that the reduction will be 7 per cent. Naturally, it will apply to hauls of five miles or more. Of course, a haul of 1,000 miles will not benefit as much as a haul of 4,000 miles. The intention of the bill is to relieve the long-haul shipper, and it is not intended that it should benefit any region or province over any other region or province. There are far-away places in the province of Ontario and Quebec, and so central Canada will benefit in exact proportion to the length of haul, as will any other region or province.

Hon. Mr. Reid: The central provinces always benefit.

Hon. Mr. Hnatyshyn: It is not intended to discriminate against the central region; it will receive the benefit of the subsidy in proportion to such of its traffic as has taken the full 17 per cent increase. As I pointed out, naturally if your freight rate is $1 you will not stand to gain as much as you would on a long haul where the freight rate is $100.

Hon. Mr. Reid: British Columbia will be lucky to gain anything.

Hon. Mr. Hnatyshyn: There was some question as to how the subsidy will be applied to the normal rates which were advanced 17 per cent and then slightly reduced. I think that question was asked by the honourable Leader of the Opposition (Hon. Mr. Macdonald). The answer that the Board of Transport Commissioners gave me is that this traffic will participate in the subsidy if the present rate is higher than 10 per cent over the old rate. I think perhaps I misled the honourable leader in the answer I made in the earlier part of my remarks. I have it in my notes at this point that the Board of Transport Commissioners told me that this traffic would benefit to the extent I have now indicated. They also pointed out to me that before the bill passes, the railways could have increased their rates by 17 per cent, and if it were done the railways would qualify.

It may also be asked why this bill does not provide for reductions in rates on coal and coke. There are two answers to this question: first, that coal on the average received only 7 or 8 per cent increase last December and, second, that a great portion of the coal carried by railways in Canada is already subsidized by the Government by subvention on freight rates through the Dominion Coal Board.

I think it advisable to go over the bill section by section.

Clause 1—on which I need not dwell long—is the title clause. As the name of the act indicates, its purpose is to reduce freight rates.

Clause 2 contains definitions. Paragraph (a) defines the word "company" as used in the bill and refers, as does paragraph (c), to the board's Order No. 96300 of November 17, 1958. That is the order which authorized a general freight rate increase of 17 per cent and an increase of 22 cents per ton on coal and coke. The companies comprised in the definition are of two kinds: first, railway companies and, secondly, carriers by water operating on the Great Lakes. The railway companies that were authorized by Order No. 96300 to increase freight rates are the Canadian National, the Canadian Pacific and certain smaller railways that were authorized by the board's order to increase their rates. If they are of interest to honourable senators, I have the names of all the smaller companies.

Hon. Mr. Macdonald: May I suggest to the honourable senator that if Order No. 96300 has not been tabled, it might be helpful if it were tabled.

Hon. Mr. Aseltine: I have tabled so many orders and reports that it is impossible for me to keep account of them. I could not tell at this moment whether that order has been tabled or not. I will look into the matter and find out.

Hon. Mr. Hnatyshyn: Order No. 96300 also contained a provision authorizing recognized differentials via rail-water-rail and water-rail joint routes to be preserved. An explanation may be required here, and the information which I shall give was that supplied to me by the Board of Transport Commissioners. The carriers by water on the Great Lakes are parties to joint rates with the railways on freight traffic carried partly by rail and partly by water over the joint routes mentioned. The difference in the amount between the all-rail rate and the joint water-rail rate over these routes is called a "differential", and Order No. 96300 authorized the differentials to be preserved. The carriers by water are consequently included within the definition of "company". Those carriers by water that come within the definition are Canada Steamship Lines, including a subsidiary company, the Canadian Pacific Railway Great Lakes Steamships Service, and the Northwest Steamship Company.

Clause 3 is perhaps the most important clause of the bill. It is the clause which makes provision for reductions in freight rates. The first word in the clause is "forthwith", which requires the Board to do promptly what the legislation requires it to do. What the board is required to do is to issue an order requiring the companies to "revise" their class rates and commodity rates, other than competitive rates. This, in its effect, means to "reduce" those freight rates.

I am also informed by the Board of Transport Commissioners, who may be questioned when the bill goes to committee, that there will be no difficulty in working out this procedure. I must confess that to me it looked like a very big problem, but the commissioners inform me that they will have absolutely no difficulty in working it out.

Hon. Mr. Pratt: To the satisfaction of some.

Hon. Mr. Hnatyshyn: To the satisfaction of everyone, I would say.

The extent of the reduction is also provided by clause 3. It is such reduction in the rates as will, in the opinion of the board, result in a reduction of $20 million in the estimated aggregate gross revenues of the companies during the one-year period specified. Of course, no one can forecast with certainty what amount of various kinds of traffic will be carried in a particular future period, and under this bill the rate reduction originally ordered by the board must of necessity be based on an estimate of traffic and revenue for the year ahead. It has, however, been estimated that the application of the $20 million subsidy on the basis of the current volume and pattern of traffic should enable a reduction of approximately seven percentage points to be made in the class, commodity and differential rates covered by the bill. This should reduce the 17 per cent authorized increase in rates to approximately 10 per cent.

Subclause (2) of clause 3 is essentially an administrative clause. It provides a measure of flexibility that is necessary when making rate reductions for a future period based on estimates of traffic and relating them to the $20 million subsidy.

Clause 4 provides for payments not exceeding $20 million in the aggregate to the companies to reimburse them for the reductions in their gross revenues resulting from an order of the board under this act. This clause should be read along with clauses 3 and 5.

Clause 5 is, I think, self-explanatory. It reads:

> The board may by order require any company to furnish to the board such information and material as the board deems necessary for the purposes of this act.

I will not say anything further on that.

Clause 6 is a short way of ensuring that an order made by the board under this act will be enforceable and binding, and that the board will have power to hold hearings and do other things appropriate to the carrying out of the purposes of the act.

All that clause 7 does is to preserve the advantages conferred by the Maritime Freight Rates Act which, I understand, has been in existence since 1927. I think the honourable senators from the Atlantic provinces know much more about that act than I do, so I am not going to deal with it. I believe it reduces the freight rates by 20 per cent in the Maritime provinces, and by 30 per cent up as far as Quebec. That has nothing to do with this proposed act, except that clause 7 of the bill does not interfere with any benefits that may arise out of the Maritime Freight Rates Act.

Hon. Mr. Wall: May I ask: Does that mean there will be no relative dilution of the benefits of the provisions of the Maritime Freight Rates Act?

Hon. Mr. Hnatyshyn: It means just what it says—I cannot make it clearer—that all the advantages of the Maritime Freight Rates

Act are to be preserved and are not to be interfered with in any way. In the same way, this act in no way interferes with the Crowsnest Pass rates about which I personally and all the people in the west feel very strongly. As a matter of fact, according to the statements which have been made, the royal commission that was recently announced by the Prime Minister will have no jurisdiction or power in any way to alter the Crowsnest Pass rates, which have existed since 1897. They are statutory rates, agreed to between the railways, the western settlers and the Government, and they are still in existence.

Hon. Mr. Reid: They have never helped British Columbia. They were a political expedient, and British Columbia has not benefited from them at all.

Hon. Mr. Hnatyshyn: Does the honourable senator from New Westminster (Hon. Mr. Reid) suggest that they should be altered?

Hon. Mr. Reid: I do. I have taken that stand.

Hon. Mr. Macdonald: Are those rates affected by the provisions of this proposed act?

Hon. Mr. Hnatyshyn: Not the Crowsnest Pass rates. They are statutory rates. The rates mentioned in the statute are the rates that can be charged, and no—

Hon. Mr. Reid: Those rates are for exports.

Hon. Mr. Hnatyshyn: I do not think it has anything to do with this act, if you will pardon me saying so. I think whatever gains may be obtained by the west through the Crowsnest Pass rates are offset by the high rates which we pay for other commodities we ship in.

Hon. Mr. Macdonald: But were the Crowsnest Pass rates increased by the 17 per cent?

Hon. Mr. Hnatyshyn: No.

Hon. Mr. Reid: That is one of the problems.

Hon. Mr. Hnatyshyn: Further, as I pointed out, this is only an interim remedy for a twelve-month period. The royal commission has been set up to study the freight rate structure, but according to the statement made by the Prime Minister when he announced the appointment of the commission, it will have no jurisdiction to alter in any way the statutory Crowsnest Pass rates.

Hon. Mr. Reid: Some day I would like to debate the question with him.

Hon. Mr. Hnatyshyn: That is the situation, and the present Government has given a very definite indication that the Crowsnest Pass rates will not be altered. Actually, since they are not affected by this act we are getting into an academic discussion about the Crowsnest Pass rates.

Hon. Mr. Reid: You had better leave them alone.

Hon. Mr. Hnatyshyn: That explanation, honourable senators, is, I hope, of some help as to what the bill purports to be.

On motion of Hon. Mr. Macdonald, for Hon. Mr. Hugessen, debate adjourned.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. Mr. Macdonald: Honourable senators, before the motion to adjourn is carried, may I ask the honourable Leader of the Government (Hon. Mr. Aseltine) a question as to the business to be taken up on Tuesday? Earlier this afternoon the honourable leader said he expected to proceed on that evening with the resolution for approval of the convention concerning the abolition of forced labour. My question is: Does he intend to go ahead also on Tuesday with the resolution for approval of the convention on the nationality of married women?

Hon. Mr. Aseltine: I hope to be able to do so. I took the matter up yesterday with the Minister of Citizenship and Immigration, who advised me that she hoped to open the debate on that treaty in the House of Commons on Monday. If so, we probably should be able to proceed with it on Tuesday. I am sorry I cannot give any more definite information than that.

Hon. Mr. Macdonald: Thank you.

The Senate adjourned until Tuesday, June 2, at 8 p.m.

THE SENATE

Tuesday, June 2, 1959

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

Prayers.

PARLIAMENTARY SECRETARIES BILL

AMENDMENTS CONCURRED IN BY COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill C-37, to provide for the appointment of Parliamentary Secretaries to ministers, and acquainting the Senate that the Commons have agreed to the amendments made by the Senate to the said bill, without amendment.

DOCUMENTS TABLED

Hon. Mr. Aseltine: Honourable senators, I table certain reports and documents as follows:

The Canada Gazette, Part II, Statutory Orders and Regulations, 1959, Wednesday, May 27, 1959, pursuant to section 7 of the Regulations Act, Chapter 235, R.S. 1952. (English and French texts).

Report of operations of The Veterans' Business and Professional Loans Act, for the fiscal year ended March 31, 1959, pursuant to section 13 of the said Act, being Chapter 278, R.S. 1952. (English and French texts).

Report of operations of the Fisheries Improvement Loans Act, for the fiscal year ended March 31, 1959, pursuant to section 12 of the said Act, being Chapter 46, Statutes of 1955. (English and French texts).

Copy of Order No. 96300, dated November 17, 1958, of the Board of Transport Commissioners for Canada. (English text).

Supplementary estimates for the fiscal year ending March 31, 1960.

Copy of an agreement between Canada and the United States of America for co-operation on the uses of atomic energy for mutual defence purposes, signed at Washington May 22, 1959. (French text).

Study prepared for the Royal Commission on Canada's Economic Prospects entitled—Financing of Economic Activity in Canada. (Engilsh and French texts).

PRIVATE BILL

ROMAN CATHOLIC EPISCOPAL CORPORATION OF PRINCE RUPERT—FIRST READING

Hon. Sydney J. Smith (Kamloops) presented Bill S-23, respecting the Roman Catholic Episcopal Corporation of Prince Rupert.

Bill read first time.

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

Hon. Mr. Smith (Kamloops): Thursday next.

HON. DONALD CAMERON

FELICITATIONS ON RECEIPT OF AWARD OF CANADIAN CONFERENCE OF THE ARTS

Hon. W. Ross Macdonald: Honourable senators, before motions are proceeded with, may I be permitted to refer to an event which took place this morning? It was my privilege this morning to be at Rideau Hall when an honour was conferred upon one of our senators. I refer to the granting of the fifth annual award of the Canadian Conference of the Arts to the honourable senator from Banff (Hon. Mr. Cameron). The presentation of the award to Senator Cameron was made by His Excellency the Governor General. At the gathering the names of the previous recipients were mentioned, and I thought honourable senators would be interested to know that they were: His Excellency the Governor General; Thomas Paterson, of the Stratford Festival; Dr. Jean Bruchesi, of Quebec, who has written a number of historical books on early Canada, mostly in French; and Walter Herbert, who for ten years was Director of the Canada Foundation.

Honourable senators will also be interested to know that this annual award is given by the Canadian Conference of the Arts to the Canadian who, in the opinion of the conference, has made the most significant contribution to the arts in this country during the past year.

Hon. W. M. Aseltine: Honourable senators, this is a great honour which has been conferred upon the honourable senator from Banff, and I am sure that all members on this side of the Senate agree with what has been said by the Leader of the Opposition (Hon. Mr. Macdonald). We have known, of course, that Senator Cameron has taken a great interest in this subject, and we feel that he has been appropriately rewarded. We hope he will continue in this great work for many years to come.

Hon. Donald Cameron: Honourable senators, I am very grateful for the kind remarks that have been made. I think that probably as a pioneer in this field in this country—I refer now particularly to the west—I have been very fortunate. I think that any pioneer who has the opportunity of blazing a new trail has an advantage over those who come after him, because they have to correct all the mistakes he has made and he has had the fun of making them, laying out the pattern and the trail that must be followed by others.

May I just say that it has been a rare privilege to build an institution like the one

I have been associated with. I have often felt that I have enjoyed every minute of my work, and that is something for which any man can be very grateful.

CONVENTION ON ABOLITION OF FORCED LABOUR

RESOLUTION OF APPROVAL—DEBATE ADJOURNED

Hon. Joseph A. Sullivan moved, pursuant to notice by Hon. Mr. Aseltine:

Resolved: That it is expedient that the Houses of Parliament do approve the Convention No. 105 concerning the abolition of forced labour which was adopted by the International Labour Conference at its 40th session at Geneva on the 25th day of June, 1957, and that this house do approve the same.

He said: Honourable senators, I wish to thank my leader (Hon. Mr. Aseltine) for having given me the privilege and the honour of submitting this resolution before this venerable chamber.

In this resolution we are asked to approve a convention adopted at the International Labour Conference in 1957. It is Convention 105, Convention concerning the abolition of forced labour.

The important words of this convention are in article I, which says that every member state which ratifies it undertakes to suppress and not to make use of any form of forced or compulsory labour—

First, as a means of political coercion or education or as a punishment for holding or expressing political views or views ideologically opposed to the established political, social or economic system;

Second, as a method of mobilizing and using labour for purposes of economic development;

Third, as a means of labour discipline;

Fourth, as a punishment for having participated in strikes; and

Finally, as a means of racial, social, national or religious discrimination.

If the convention is approved by Parliament, the Government intends to proceed to ratify it immediately. There are no systems of forced labour in Canada to abolish; therefore the Government does not foresee that any legislation will be required within Canada to implement the convention. The significance of our approval of the convention and its subsequent ratification will be that we show our support for the universal abolition of forced labour, which is the objective of the convention.

The adoption of this convention on the abolition of forced labour by the International Labour Conference in 1957 was the outcome of inquiries and discussions in the United Nations and the International Labour Organization over the preceding ten years. In 1951 the Secretary General of the United Nations and the Director General of the International Labour Office appointed an *ad hoc* Committee on Forced Labour to examine and report on the existence of forced labour employed as a means of political coercion on any large-scale economic plane. The committee's report in 1953 showed that such systems existed, as they do today, and that they seriously threatened fundamental human rights.

A proposal to adopt a convention outlawing forced labour was placed on the agenda of the International Labour Conference for 1956 and 1957. At both conferences the Canadian delegation, representing government workers and employers, supported the adoption of the convention which would identify and outlaw the kinds of forced labour which the committee's report had revealed. It is an indication of the very general approval with which the convention was received by the conference that it was adopted by 240 votes to zero, with only one abstention. Both the representatives of management and organized labour who supported the adoption of the convention have urged upon the Government the importance of ratification. A convention which receives a large number of ratifications becomes a powerful force. The United Kingdom was the first country to ratify this convention, and Denmark was the second. It has now been ratified by 18 other countries. In the case of a convention which has wide acceptance, procedures authorized by the International Labour Organization constitution make it possible to maintain a constant moral pressure toward securing satisfactory compliance both in countries which have ratified the convention and in other countries.

Now in retrospect, there are some points which I think are pertinent to the introduction of this resolution. First, what do we mean by "labour"? Webster's Dictionary defines it in seven ways, three of which are important in this matter:

(1) Exertion of muscular strength, or bodily exertion which occasions weariness.
(2) Intellectual exertion, application of the mind which occasions weariness.
(3) Exertion of mental powers, united with bodily employment.

So, I believe we are all labourers. My friends in the legal profession particularly would, I think, come within the second meaning of "labour".

Prime Minister Diefenbaker, speaking a few weeks ago, stated that what was needed

was an international "declaration of freedom's creed". He went on to say:

I believe that such a declaration of freedom's creed is demanded now if the peoples of the uncommitted world are to be given a clearer and appealing understanding of the meaning of freedom and democracy and of the superiority of freedom over the false claims of communism.

Now, how do the unions fare behind the Iron Curtain? On the occasion of the visit to this country of a Chinese worker, purporting to be a trade unionist and invited by the United Electrical Unions' leaders to the union's conference, it is revealing to see what genuine trade unionism thinks of "unionists" behind the Iron and Bamboo Curtains. The best way to see this is to let the trade unionists themselves do the talking. In a speech in Chicago, for instance, recorded in *News from the AFL-CIO,* on April 7, 1959, George Meany, AFL-CIO President, stated:

Under the Soviet system no citizen can question, let alone resist, Communist state domination and despotism. In the so-called Soviet Paradise, the workingman, like everyone else, is denied every democratic right. Free trade unions and all other democratic institutions are prohibited. The all-powerful Communist Party bosses rule and run everything, everybody, every institution. The so-called trade unions behind the Iron Curtain are pitiful and pliant tools of the Communist Party. Thus the central news organ of the Soviet Communist Party, Pravda, just two weeks ago declared on the opening day of the twelfth Congress of the so-called Soviet trade unions: "The entire work of the Soviet trade unions is being directed by the Communist party."

The Executive Council of the AFL-CIO issued a statement at San Juan, Puerto Rico on February 20, 1959, in which we read:

The Soviet leaders openly proclaim the domination of their own so-called trade unions by the Communist party. They rarely trouble to disguise the subservience of these so-called trade unions to the Soviet Government.

As for Red China, *Free Labour World,* the official journal of the International Federation of Free Trade Unions, reveals what genuine trade unionism thinks of Red "unions". In February, 1958, for instance, in an article entitled "Red China cracks down on the Workers", the title and the following statements are significant enough:

The official organ of the puppet trade union of China, the "Daily Worker"—

And again:

—this "trade union" paper then bitterly attacked the industrial workers of China because they dared to demand that, when they worked hard and increased production "there must be corresponding increases in wages and improvement in amenities"—

It is obvious from their own words that genuine trade unionists consider the trade unions in Soviet Russia and Red China to be a farce. Yet, communists brazenly maintain that it is communism alone that can bring salvation to the workers. It surely is high time for the workers of the free world to unite against communism.

The invasion of Tibet by Chinese communist troops and the crushing of a rebellion against communist domination have recalled to the world the brutal invasion of Hungary and the crushing of its revolution in October and November of 1956. It has been strongly condemned by the free nations as a "barbarous intervention" in one of the most peace-loving and inoffensive countries anywhere in the world.

Tibet is a mountainous plateau, lying between China and India. It is twice the size of Texas and has about 3 million people. In May 1951, Red China signed a pledge guaranteeing Tibet's political and religious autonomy. However, the communists felt that Tibet, essentially a barren and poverty-stricken country, was not making progress toward industrialization fast enough, and began putting on so much pressure that it aroused widespread opposition. Troops were hastily poured in and the country placed under military rule. The Dalai Lama, the spiritual and nominally political ruler of Tibet, managed to escape into India, after having been replaced by a puppet ruler set up by the communists.

The revolt has no chance of success, but it has served to show to the world that communism has no regard for its solemn pledges, for religion, or for the good opinion of mankind. It will serve also as a lesson to India and some of the other "uncommitted" countries that they can put no faith in communist assurances that their autonomy and independence will be respected if and when it appears to be in the interest of the Soviet and its satellites to take them over.

Heinrich Heine, the great philosopher, writing in 1842, stated:

Communism is the secret name of the dread antagonist setting proletariat rule with all its consequences against the present bourgeois régime. It will be a frightful duel. How will it end? No one knows but gods and goddesses acquainted with the future. We only know this much: Communism, though little discussed now and loitering in hidden garrets, is the dark hero destined for a great, if temporary role in the modern tragedy—

Will the religious doctrines of the past rise in all countries, in desperate resistance—and will perhaps this attempt constitute the third act? Will the old absolutist tradition re-enter the stage, though in a new costume and with new cues and slogan? How could that drama end?

Wild, gloomy times are roaring toward us, and a prophet wishing to write a new apocalypse would have to invent entirely new beasts—beasts so terrible that St. John's older animal symbols would be like gentle doves and cupids in comparison.

Is he referring to the intercontinental ballistic missile?

The gods are veiling their faces in pity on the children of man, their long-time charges, and perhaps over their own fate. The future smells of Russian leather, blood, godlessness, and many whippings. I should advise our grandchildren to be born with very thick skins on their backs.

What is involved is a conflict in the philosophic interpretation of man. The war against Russia has already assumed a universal character concerning every man, woman or child, be he Arab, Hindu, Chinese or Malay, because what is being attacked is not any social system but the philosophic value of man and the foundations of modern civilization itself. Every nation must make its choice for its future and for the good of its own people. What is involved is a conflict of two moral conceptions, two different and directly opposite interpretations of man.

Honourable senators, the Russian philosophy of man is most charmingly and effectively expressed by that intellectual trapeze artist, Bernard Shaw, in his radio speech to America in October, 1931, which *Pravda* took care to print with silent approval, without comment and without contradiction for the Russian people to read:

(Soviet Russia) has established a new correlation between the state and the individual from which the false and superstitious notion of the intrinsic value of the human life has been removed and replaced by the sober and utilitarian approach to human life . . . A considerable share of the secret of the success of Russian communism consists in the fact that every Russian knows that if he will not make his life a paying enterprise for his country then he will, most likely, lose it. An agent of the OGPU will take him by the shoulder and will conduct him to the cellar of this famous department and he will simply stop living. And his relatives will be politely informed that they need have no anxiety about him because he is not coming home any more.

The diametrically opposite interpretation of man is equally absolute. It is contained in the inexpressibly beautiful saying of Jesus:

Inasmuch as ye have done it unto the least of these my brethren, ye have done it unto me.

The "least" is a child, and it can be the poor and lowly, the underprivileged, the despised and downtrodden. It is the doctrine of the poor man, and it is also the doctrine of the free man and the universal man.

It is seen thus that, in the final analysis, the world conflict is simply a war between good and evil. One cannot but be sure that, however, the ebb and flow of fortunes of war and currents of power politics change, man will aspire toward the good and spurn evil in the long run. Therefore, it is inevitable that evil must pass and good must win. If we wish to make the future a world evolving toward making man "a paying enterprise for his country", reduced to a tool, we can. If we wish to make the future one in which the poor and lowly shall not be repressed, we can, too. The world must make its choice.

Hon. Mr. Lambert: Honourable senators, can the honourable senator state, whether or not this convention of 1957 singled out any particular country?

Hon. Mr. Sullivan: Honourable senators, I have not that information before me here. The convention did not exactly single out any country, but only one communist nation adopted it, and that was Poland.

Hon. Mr. Croll: I have a question along the same line. I understood the honourable senator to say that the convention of the I.L.O. was endorsed by 240 votes, with no one voting against it.

Hon. Mr. Sullivan: That is correct.

Hon. Mr. Croll: How many communist countries are members of the I.L.O? Of the 18 nations that endorsed the resolution the honourable senator from North York (Hon. Mr. Sullivan) gave us the names of two. I would like to know the names of the remaining 16, and I would also like to know how many communist nations endorsed the resolution by what they call their parliaments.

Hon. Mr. Sullivan: Honourable senators, the countries which endorsed the resolution are: Austria, Cuba, The Dominican Republic, Ghana, Haiti, Honduras, Ireland, Israel, Jordan, Malaya, The Netherlands, Norway, Poland, Salvador, Sweden, Switzerland, Tunisia and the United Arab Republic.

Hon. Mr. Reid: Are there any countries outside the Soviet Union and the so-called communist countries who are using forced labour today?

Hon. Mr. Sullivan: I do not believe so. There are 20 nations that did come out openly in support of it.

Hon. Mr. Reid: I cannot see any great good coming from this convention if it does not reach the Soviet Union. That nation is living apart from us and is not a party to this convention.

On motion of Hon. Mr. Wall, debate adjourned.

TOURIST TRAFFIC

COMMITTEE EMPOWERED TO MAKE INQUIRY

Hon. R. B. Horner moved, pursuant to notice:

That the Standing Committee on Tourist Traffic be empowered to inquire into and report upon the activities of the various agencies concerned with promoting tourist travel in Canada, and that the committee be authorized to send for persons, papers and records.

He said: Honourable senators, Canada's tourist trade is very important to our economy and it seems to me that perhaps we have been too unconcerned about it. Our Standing Committee on Tourist Traffic held several meetings one or two sessions ago and received some valuable information on the development of tourist traffic in this country. Through the media of the Canadian Government Travel Bureau, headed by Mr. Alan Field, we are spending large sums of money to advertise the tourist attractions of Canada. It is my thought that in our deliberations some honourable senators might be able to express ideas that would prove beneficial to our tourist trade.

Let me relate a story that should encourage honourable members to speak out. It concerns what I might call "My road into the Chateau Laurier". Some of you may recall that as long as fifteen years ago I drew attention to the difficulty tourists encountered in trying to find their way around "Confusion Square" to the Chateau Laurier, and I advocated that the Canadian National Railways convert the large promenade on the west side of the hotel into a parking lot with a left-hand approach from Confederation Square. So it is a great pleasure to me, and I am sure it must be to many others, to see that the promenade has now been made into a parking area with a good approach from Confederation Square. I only regret that the C.N.R. officials did not adopt my other suggestion to add three or four hundred ordinary-sized guest rooms to the hotel to go with its fine banquet rooms. I think that would place us in a fair way to take care of any deficit in the railway operations of the C.N.R. The new parking lot will bring a great deal of revenue and will serve the local public as well as tourists.

If we are to continue maintaining a Government-owned transportation system I cannot see the wisdom of selling Minaki Lodge and the hotels at Port Arthur and Brandon, especially after a great deal of money had been spent on them. Minaki is a popular tourist attraction and the hotel property at Port Arthur is going to become very valuable real estate as a result of the building of the St. Lawrence Seaway. I have stayed at that hotel and I found it most commodious. I think it was a great mistake to sell these hotels at the prices they sold for.

Hon. Mr. Euler: Were they ever making any profit?

Hon. Mr. Horner: I don't think they lost very much. Minaki Lodge broke even some years, although some years it lost money. But it seems to me they were sold at the very time when property of that kind was going up by leaps and bounds. They have doubled in value since being sold.

Hon. Mr. Macdonald: Somebody else is operating those hotels at a profit now.

Hon. Mr. Horner: Yes, and the Canadian National Railways and the Canadian people are not getting the benefit of it.

Hon. Mr. Macdonald: You are right.

Hon. Mr. Horner: On April 28 of this year a very fine article appeared on the editorial page of the Montreal *Gazette*. This article, which described our tourist traffic business much better than I could, reads in part as follows:

> As a business it is growing. Last year visitors to this country left behind them $352 million. But while the total is rising, Canada is claiming a smaller and smaller proportion of what citizens of the United States and other countries are spending on travel.
>
> Some of this loss is easily explained. The speed of travel to far places, as brought about by aviation, has drawn Europe nearer to North America. This has appealed strongly to American travellers. It may have more "prestige" in conversation for the American citizen to say that he has been to Italy or France, than to say that he spent his vacation just over the border in Canada.
>
> Canada used to benefit in former times by the very fact that it was so close to the United States, in comparison to European countries, which could only be reached by an ocean voyage of almost a week. Now these places in Europe are practically as close to the United States as Canada.
>
> Yet it would be the poorest policy to accept this as one of those inevitable trends, about which little may be done. As Mr. James M. McAvity, President of the Canadian Tourist Association, well says, salesmanship can make a great deal of difference in attracting the tourist. The Swiss have proved that. For generations they have made the tourist business the biggest of their national industries.

As in the case of Switzerland, I think that tourist traffic could be our greatest business, for we have many wonderful things to offer tourists. When the weather becomes unbearably hot in the south, our cool northern climate attracts them. Of course, when it becomes cold here it is only natural that many Canadians, in turn, go south to the United States.

Canadians are naturally a friendly people but sometimes I think they are very thoughtless. Possibly they are not very good salesmen. They often neglect to show appreciation and kindness to American and other tourists who come to our land. I should like to see it become the business of Canadians to adopt a more friendly and kindly attitude. For instance, I think we should regard it as a pleasure to direct our American friends to the places they wish to visit. We all know how we appreciate little actions of that kind on the part of Americans when we are travelling in the United States. I would like to

see every Canadian join with the authorities in making it our business to welcome these people.

A special train leaves for the Port of Churchill, on, I believe, July 31. I have met a number of Americans who go up there every year. I was told by one of the railway officials that many Americans enjoy the trip so much that on their return they book passage for the next year, and also that they enjoy meeting Canadians on the way up.

Honourable senators, the committee cannot meet until next weeks, because a number of officials will be away until then. However, I thought it might be useful to interested senators to know what is being accomplished and what money is being spent on advertising, and so forth. Personally, I view it as a very important part of Canadian business to encourage and do everything possible to get tourists to come to our country.

On a recent trip which I took through Ontario I noticed a very great improvement, in one respect at least, compared to some years ago. Southern fried chicken was served, just a few miles out of London, which I believe would satisfy the taste of any American. I feel, though, that we might impress upon our hotel and restaurant operators that they should do all that is possible to assist us in securing a greater number of tourists in this country. It has been my experience, in Florida, California, and other places, that accommodation is less expensive than in the majority of our hotels in Canada, and that the people in charge extend friendship and hospitality in every possible way.

Hon. Mr. Euler: May I ask my honourable friend a question? The motion standing in his name reads:

> That the Standing Committee on Tourist Traffic be empowered to inquire into and report upon the activities of the various agencies concerned with promoting tourist travel in Canada,—

May I ask what agencies he has in mind? Is he referring to Government agencies or private agencies?

Hon. Mr. Horner: I was referring to Government agencies. Honourable senators will remember Leo Dolan, who was formerly director of the Canadian Government Travel Bureau. He was succeeded by Alan Field, the present director. The president of the Canadian Tourist Association is J. M. McAvity. Whether these gentlemen, or others, should be called to appear before our committee, I do not know. However, I had in mind our own federal officials. Honourable senators might be interested in hearing what they are doing and what they are spending.

Hon. Mr. Euler: That is all I wanted to know.

Hon. W. Ross Macdonald: Honourable senators, I wish to commend the chairman of the Tourist Traffic Committee (Hon. Mr. Horner) for reviving the work of the committee, even if it is being done in the month of June. The committee had splendid chairmen in the past. I recall that for the previous four or five years the committee was under the chairmanship of the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor), who gave it very effective leadership. Now I am glad to see that splendid leadership being assumed by the honourable senator from Blaine Lake. During his remarks, he referred to the large number of automobiles which must be accommodated at tourist resorts. That reminded me of the city of Ottawa, which is probably the No. 1 tourist attraction in Canada. I think the capital city of our country should be so regarded. Two weeks ago, on Sunday, 24,800 people were conducted through the Parliament building. It is almost unbelievable that so many people could pass through in one day. I presume that would not be a day of 24 hours, but from 9.30 in the morning until 5 in the afternoon. My point is, honourable senators, that most of these people probably came to Ottawa in motorcars. We do our best to attract and encourage them to come, but where is there a place to park their cars? On the particular Sunday afternoon to which I refer I walked to the west end of this building, and just beyond were parking places allotted to cabinet ministers for approximately 18 cars, and beyond that again a number of spaces for cars of deputy ministers. Yet there was not a cabinet minister or a deputy minister in these buildings, and I doubt if there was one within five miles. But could their parking spaces be used by the tourists for their cars? No. And how were tourists prevented from parking their cars in those places? One of our mounted policemen would go to a driver of a car who parked in that area and tell him he would have to move on. By that time another tourist would have appeared, and the mounted policeman would tell him he could not park there. Then another would move in, and the same thing would happen. I stood there for five minutes and saw that mounted policeman doing his duty, as he was ordered to do it. I have great respect and a high regard for the mounted police. They always do their duty. But here was a mounted policeman going up and down all afternoon asking motorists not to park but to move along.

Hon. Mr. Horner: Ridiculous!

Hon. Mr. Macdonald: I do not think any of us would complain in any way at the manner in which the mounted police are enforcing the regulation which has been established by a committee of both houses, but surely it is time to review that regulation. It is my own opinion—others may not agree with me—that it is beyond the dignity of these fine constables to do nothing but tell people to move along in their automobiles. They have been trained for better jobs than that, they are qualified to do much better than that.

Let me refer to one other matter. Under our present rules, if a senator or a member of the House of Commons invites a guest for dinner and the guest drives to the Parliament grounds in his automobile he is not allowed to park his automobile near the building—he is required to take it somewhere beyond the west block. Well, that is all right, but he is only allowed to leave his automobile there for an hour and a half. So if your guest stays with you for longer than an hour and a half he will find that there is a ticket on his car when he returns to it.

Now, honourable senators, that is not practical at all. I feel that our parking regulations should be reviewed. This is important, not only in order that proper accommodation may be made for guests of senators and members of the other house, but also in order to provide accommodation for the thousands of people who will be coming to see the Parliament Buildings and grounds every weekend throughout the summer.

Hon. T. A. Crerar: Honourable senators, may I ask the honourable leader on this side of the house (Hon. Mr. Macdonald) a question. He mentioned a regulation. Well, who authorized the regulation? This question has occurred to me on several occasions. I am not personally interested, for I have no motorcar here, but occasionally I walk around the hill, as we call it, before breakfast and I see signs, "Restricted for deputy ministers" or "Restricted for So-and-so", and I ask myself by what authority that is done.

One can understand that, in respect of the city itself the City Council, the elected representatives of the people, make the bylaws and establish rules for parking. But where is the basic authority for a policeman or some servant of the Government to put a sign on or near a sidewalk in the Parliament grounds saying "Parking prohibited except for So-and-so"? I think the matter is worth looking into. After all, there is involved in this the question of our personal freedoms, our personal rights, and I submit that if there is any authority for doing this, I cannot for the life of me understand where it is. I cannot recall any law or resolution passed by Parliament which might govern parking on the Parliament grounds. Perhaps the honourable Leader of the Government (Hon. Mr. Aseltine), if his other duties are not too onerous to permit him to secure the information, might ascertain for the benefit of the membership of this house under what authority this is done. As a citizen of this country I think I have as much right as any other person to park a car at the back of this building where some deputy minister's sign is placed, and I would like to know by what authority I can be prevented from exercising that right. Perhaps my honourable friend the Leader of the Government will find out.

Hon. Thomas Reid: Honourable senators, with all that has been said regarding parking I am in happy agreement, but I am going to suggest to the chairman of the committee that the committee take up another matter.

As the Leader of the Opposition (Hon. Mr. Macdonald) pointed out, two weeks ago there was a very large crowd of people in and around the Parliament building. It was the largest crowd I have ever seen here—they were all over the building. Now, among the things that are lacking here, in my opinion, and which should be provided by the Government, are rest room facilities. In spite of all the beautiful spots surrounding Ottawa, to me the main attraction in Ottawa is the Parliament Building and its grounds. People came here in their thousands that day, and many of them looked for washrooms in the course of their tour of the building. The crowds actually got out of hand and the police could not handle them. In fact, you had to lock your door, because they were opening doors to ask where the washrooms were located.

If we are going to encourage tourist traffic we will have to do something for their comfort. I am placing this matter before the chairman of the committee. I urge that it be taken under consideration and that steps be taken to provide public conveniences for the crowds.

Hon. Mr. Brunt: If I might answer the honourable senator from New Westminster (Hon. Mr. Reid), I would like to point out to him that we have just finished installing an extra washroom and restroom on the ground floor, so there is one extra room available for men and one for women. We have also put in extra washrooms on other floors, and now we have no more space on this side for any further restrooms.

Hon. Mr. Reid: I know that, but two restrooms could be installed at the main entrance. Washrooms are not needed in the Senate end

of the building as visitors do not come in by the Senate door—they all come in by the main entrance.

Hon. Mr. Brunt: Are you suggesting that we construct a couple of outhouses?

Hon. Mr. Reid: You have mentioned an appropriate name, and you are probably more used to that name than others.

Hon. Mr. Davies: Honourable senators, I do not think we need to be worried about parking in any Ontario city on a Sunday, because in most of our cities motorists can park anywhere at all that day and not be liable to a fine. But as to parking on Parliament hill, I would like to ask the honourable senator from Churchill (Hon. Mr. Crerar) if restricted parking in the Senate spaces was not agreed to last year at a meeting of all senators?

Hon. Mr. Crerar: Even if the senators did agree to it, what legal sanction does that give to parking restrictions?

Hon. Arthur L. Beaubien: Honourable senators, I have had something to do with the regulations that have been established for parking on Parliament Hill. In the first place, a meeting was held with the Minister of Justice, the Leader of the Government and the whips of all the parties.

Hon. Mr. Aseltine: And the R.C.M.P.

Hon. Mr. Beaubien: Yes, and the R.C.M.P. It was held in order to decide on how to remove the chaotic conditions existing on Parliament Hill in regard to parking. We came to the conclusion that members of the Senate should be furnished a sticker to put on their cars, and that the Gentleman Usher of the Black Rod would allot a parking space for senators' cars identified by the sticker. The same arrangement was made for members of the House of Commons.

The situation was so chaotic that something had to be done. After that decision the different parties held caucuses, at which the whips of the different parties put to the various meetings what we had decided, and this was adopted unanimously at the caucuses. That is how the parking situation came about.

Hon. Mr. Crerar: It was decided by whom?

Hon. Mr. Beaubien: The members of the various parties, which includes all honourable senators and members of the House of Commons.

Hon. Mr. Crerar: Was the matter ever brought formally before the Senate and the House of Commons?

Hon. Mr. Beaubien: It was brought before the caucuses of the different parties. Surely we don't have to bring the question of parking before the houses of Parliament, if we can settle it among ourselves in caucus.

Hon. Norman P. Lambert: Honourable senators, I think I can enlighten my honourable friend from Churchill (Hon. Mr. Crerar) about the authority concerning parking on Parliament Hill, and assure him of his full liberty and freedom in that connection. This discussion has wandered a good deal away from the intent of the resolution of my honourable friend from Blaine Lake (Hon. Mr. Horner).

Hon. Mr. Macdonald: Not the 25,000 tourists.

Hon. Mr. Lambert: The property rights in connection with the grounds known as Parliament Hill were well established by special legislation passed, I think, three years ago. About that time a test case had been heard in the courts of this city, which established the fact that anybody could come on the Parliament Hill, park his car here and leave it as long as he liked.

As a result of a recommendation of the Senate's Standing Committee on Public Buildings and Grounds and a similar committee of the other house, legislation was passed establishing this area as being property of the Crown, and not as a public common where anybody could come and camp, or park his car, for an indefinite period. As I say, that principle was established, and is a matter of record.

Hon. Mr. Macdonald: May I ask, does that principle apply to senators and members of the House of Commons?

Hon. Mr. Lambert: That is the next point. Regulations came as the next step.

After discussion over several years with the Royal Canadian Mounted Police and, finally, a joint conference between the Speakers and members of the committees of both houses, regulations were made whereby the chaotic conditions, which had existed and had become the despair of officials, were rationalized. The regulations today, I think, are about as good as can be made, and in fact do bring some order out of the chaos which previously existed.

I do not think that the sensibilities or the liberties of any one can be said to be deeply offended by the negotiations that have been carried out and the work done under my friend the senator from Stadacona (Hon. Mr. Dessureault), who is chairman of the Senate's Standing Committee on Public Buildings and Grounds. I happen to be a member of that committee, and I pay full

tribute to him for his patience and judgment in bringing about fairly decent parking conditions on Parliament Hill, as we now have them.

The congestion on Parliament Hill is really due to the inability of the municipality of the city of Ottawa and the Federal District Commission to establish a place where cars can be parked nearby, and from which people can walk to the Parliament building, thus preserving this area as a scenic and attractive feature of our capital city. If that were done visitors could better enjoy and appreciate what is to be seen here.

I think that is the answer at the present time from the point of view of the resolution of my honourable friend on the question of tourist traffic, and from every other point of view. In other words, to have this great public area in front of the Parliament Buildings look like a used car parking lot is hardly good enough for the capital city of Canada.

Hon. Stanley S. McKeen: Honourable senators, with respect to this parking question, I wonder if anyone has ever examined the possibility of excavating for parking space below ground in front of the Parliament Buildings. Some large American cities have built such parking areas, with room to accommodate as many as 5,000 cars underground, and have maintained a beautiful park on top of the ground.

It occurs to me that we could build parking facilities under ground in front of these buildings and maintain the present park-like area on top of the ground. Such an arrangement would accommodate from 5,000 to 10,000 cars, and would at the same time provide shelter for civilians from atomic bombs or any other form of attack. Furthermore, cars could be parked right next to the biggest tourist attraction in Ottawa.

Hon. Mr. Horner: It would be pretty hard digging through the rock there.

Hon. Mr. McKeen: That would eliminate any danger from cave-ins or slides. It would only be necessary to excavate, as is done for big buildings, and the natural walls would be there.

Hon. Gordon B. Isnor: Honourable senators, may I speak briefly on this question?

First, I would compliment the honourable senator from Blaine Lake (Hon. Mr. Horner), who has taken an active interest in tourist traffic for many years, for the action he has taken on behalf of this industry in Canada. It is our second-largest industry and, from a dollars-and-cents point of view, is an important one and should be promoted to the limit.

I very well recall that it was the late Senator W. H. Dennis from Halifax who moved a resolution in this Senate for the establishment of a Standing Committee on Tourist Traffic, and through the instrumentality of that committee the Canadian Travel Bureau was established. The tourist business has now grown, as the present chairman of the committee (Hon. Mr. Horner) has said, to an industry of some $350 million.

I have always advocated that the appropriate slogan for Canadians was "See Canada", not "See Canada First". We now have the Trans-Canada Highway system, better than it has ever been before, and Canadians may motor almost from coast to coast without having to go down into the United States and there spend money to a greater extent than do the Americans who visit Canada.

I would leave one other thought with the Chairman of the Tourist Traffic Committee, namely, that we should advocate that merchants and retailers throughout Canada accept the American dollar at par.

Hon. Mr. Horner: Hear, hear.

Hon. Mr. Isnor: The charging of from 3 to 5 per cent exchange during the past 10 years has, I think, been a handicap to our tourist industry.

I woud like to say a few words with respect to the suggestion made by the honourable chairman of the committee concerning the tie-up between hotels and transportation companies, and the high rates now being charged for meals. It is my feeling that if private enterprise concerns were to take over the hotels from the transportation companies, they would be better able to cater to the needs of tourists visiting Canada. I, of course, appreciate that a great deal has been done by both the large railway systems by way of linking together hotels and transportation. Honourable senators will have noted that quite recently the New York Central system did away with its hotels and is now devoting its full attention to its transportation facilities. Whether that change is good or not, I do not know. I am not a hotelman. I feel that there is perhaps some need for a link between hotels and transportation systems, but a very concerted effort should be made to keep the cost of food and services within the tourists' ability to pay. The honourable chairman of the committee has on more than one occasion expressed his view with respect to the high cost of lunches and dinners charged by the railway companies. I think there should be an inclusive rate for the whole meal in the C.N.R. and C.P.R. hotels, the same as there is in retail and large departmental stores which cater to the public. The hotels could use mass production methods, but in such a way that they would

attract people to their dining rooms. If that were done there would not be the situation which exists today in which so few people make use of the dining rooms. I just pass that along as a thought to be considered at future meetings.

Of course, whenever tourist business is brought to the front it always gives me an opportunity to talk, not about Halifax, but about Nova Scotia. Honourable senators, the chairman of the committee has mentioned the port of Churchill. For the benefit of the honourable senators I would mention that the C.N.R. has arranged weekend excursions to the Maritimes, and I cannot think of any better thought to leave with you this evening than one to encourage you to take advantage, whenever possible, of those excursion rates and visit the Maritime provinces, particularly the province of Nova Scotia.

Hon. F. Elsie Inman: Honourable senators, since my honourable friend from Halifax-Dartmouth (Hon. Mr. Isnor) has put the tourist business back on the highway again I would like to say a few words. I am very interested in the tourist business, and I would certainly like to see this house give it close attention. I think we should consider how we can best promote it.

It does not ask for deficiency payments. There is no ceiling price, nor is there any floor price on it. I think it is well worthy of our close attention, and I would like to thank the chairman for bringing this resolution forward.

Hon. John G. Higgins: Honourable senators, I do not think we should lose our sense of proportion. The Parliament Buildings were erected for the sole purpose of the carrying on of the deliberations of the Parliament of Canada. Here the fate of the nation is settled. In a sense, it is a showplace. It is a splendid building, in my estimation, and one of extraordinary beauty. It is well worth looking at, and is attractive enough to bring thousands of people to see it. It is only natural that they should come here not alone because it is the seat of Parliament but because it is a beautiful building as well. It is beautiful to look at at all hours of the day, whether in the morning or evening, or at night when it is lit up. But, if we are going to talk about putting restaurants here, and restrooms, and parking space for 23,000 people a day, then we are going to turn it into a summer resort, and it will be no longer the Parliament of Canada.

There is no doubt it would be nice if we could arrange to have all the people looked after, but, surely, it is not the part of Parliament to provide accommodation for 20,000 or 25,000 people. Where would we be amongst that crowd? We would be lost. We would be of no consequence. Honourable senators would disappear in the crowd in the Parliament Buildings; they would be no longer the lawmakers, but just part of the crowd.

I think it would be a pity to spoil these lovely grounds by putting up restaurants and outhouses in order to cater to the people who come up here. We welcome them. It is a good thing to have children come up here and see this beautiful spot. They get some idea of beauty, and they understand that the lawgivers, the legislators, or whatever you call them, are very kindly men. They begin to realize that members of the Senate are not as they are paraded and propagandized in the press and over the T.V. At the same time, the members of Parliament are the lawgivers, and they must sit here as lawgivers.

I think it would be an unfortunate thing if we turned this beautiful and wonderful place—beautiful because the buildings are beautiful, and wonderful because it is the seat of the Parliament of Canada—into a summer resort.

Motion agreed to.

EXCISE TAX BILL

SECOND READING

The Senate resumed from Thursday, May 28, the adjourned debate on the motion of Hon. Mr. Brunt for the second reading of Bill C-47, to amend the Excise Tax Act.

Hon. Salter A. Hayden: Honourable senators, I know I am going to find it difficult to bring you back from the wonderful places in which your minds were travelling just a few minutes ago to such a common, ordinary, and mundane thing as excise taxes, even though what I am going to say may have some relationship to the beautification of individuals in that a part of it deals with the matter of excise tax in relation to cosmetics.

There are three proposed amendments in the bill to which I want to refer. One is subsection (2) of section 1, extending the definition of "manufacturer or producer". The second one is section 4 of the bill, putting the packaging of cosmetics and pharmaceuticals in the category of the packaging of candy and chewing gum for the purpose of the application of tax. The third one is the matter of transferring the authority to tax from the Exportation of Power and Fluids and Importation of Gas Act and bringing it into Part II of the Excise Tax Act and providing a specific rate of duty.

May I point out, first of all, the present situation and the effect of the extension of the definition of "manufacturer"? In the Excise Tax Act, as it stands at present, we have a very extensive statutory definition

of "manufacturer or producer" which covers a variety of situations in which a person who does not manufacture the product may be held, for the purposes of the Excise Tax Act, to be the manufacturer of the product.

At the present time, for instance, if I have a formula for a specific type of cosmetic or pharmaceutical and I engage a manufacturer to make that product for me, I am, for the purposes of sales tax, treated as the manufacturer, because that is my product made according to my formula and no person else can use that formula without my permission. But under the extension which is proposed in this bill "manufacturer", for the purposes of application of sales tax, shall include a person who sells a cosmetic or a pharmaceutical that has not been made by him but to which the person who makes it has added some trade or brand name, or some other mark, designated by the person who sells the goods.

That is a very considerable extension of the meaning of "manufacturer". It is suggested that one effect of it may be that people in Canada who at present have a product made by a custom manufacturer, and have their brand name or the name of their company, or both, pasted on the bottle or container, may see fit to manufacture the product themselves to avoid the incidence of this tax at that level. I suggest, alternatively, that many American manufacturers who are marketing their product in Canada, and who choose to have it made for them in this country rather than export it here, may find it desirable to go back home and have the product which they regularly make in the United States exported to Canada and, therefore, carry on no manufacturing operations at all in Canada. Bear in mind that any person is free to make and sell. Joe Doake's product and Bill Jones' product may have different names, but if you examined the two products you might find the ingredients used in them are exactly the same. I think that just as many marketing agencies who are today marketing a cosmetic or a pharmaceutical in Canada, and having it made by another manufacturer in Canada, may go back to their domestic market and secure it there and export it to Canada, as those who may engage in the manufacturing business in Canada.

So far as any principle behind it is concerned, it seems to me it is a highly artificial method of determining who a manufacturer is so that the base on which you apply sales tax may be made higher and therefore produce more tax. It is highly artificial, but surely if we are going to employ such highly artificial methods we should try to get down to some basis in principle. You may recall a few years ago a case that went to the Supreme Court of Canada to test the then definition of a manufacturer under the Excise Tax Act. It was by way of reference to the Tariff Board, which decided the position taken by the Department of National Revenue was a proper one, that the particular article was properly taxed, that the person who was selling it was not the manufacturer as a matter of law, and that he certainly was not the manufacturer as a matter of fact. The Exchequer Court upheld the decision of the Tariff Board. In a very learned judgment the President of the Exchequer Court held that on the facts as disclosed in this particular case the company which was selling this product, which I will tell you about in a moment, was not the manufacturer and did not meet all the requirements of the statutory definition, and therefore should not be taxed as a manufacturer. The Supreme Court of Canada undid everything that had been done, by deciding that the Tariff Board had no jurisdiction in the first instance to hear the reference. So you had a wasted effort extending over a year and a half.

In that case the product was an automobile tire, and the person selling it had several trade marks. That is all he had, except an agreement with a tire manufacturer to affix to the tire the trade marks and brands of this person, which marks and brands were actually wrought into the rubber in the course of the curing and manufacture of the tire. There you have an irrevocable act in the processing of the product. But under the definition it was held that in that particular case the person who had the trade marks wrought into that tire was not the actual manufacturer, and that the sales tax applied to the price at which he bought the tires from the actual manufacturer and not to the price at which he sold the tire to the public.

Now, if we are going to try to work any sense or logic into even such an artificial thing as this, surely we should try to settle on some basis such as I have suggested. In other words, where you are using brand names or trade marks they should become such a part of the manufactured article that they take on the identity of the person who owns the trade marks or brand name. But to pass that by and not to venture into that field of application and simply limit it to cosmetics and pharmaceuticals, where you have no private formula, where any person can dream up a method of making the cosmetic, or any person can go to the pharmacopoeia and pick out a method of putting together any ingredients or combination of ingredients—and there is nothing to stop him from doing it—in these circumstances and under these conditions to suggest that because the name of my company is

placed on the sticker on the outside of the bottle by the actual manufacturer at my request I am the manufacturer, is the ultimate in the extension of the definition of a manufacturer. What I say is, if we are searching that far afield for an extension of the definition of a manufacturer, then there is a very fertile field much closer. Not only that, why limit this extension of the definition of a manufacturer to the field of cosmetics and pharmaceuticals when we have a very broad field of application in line with what I have described to you in the case of tires?

I can see some difficulties, for instance, if they attempted to apply this to shirts. You may have a shirt manufacturer who manufactures shirts of exactly the same size and from the same kind of material, and so on, who has possibly half a dozen different and unrelated outlets, the only difference between the shirts being that the shirt sold in one store may bear the brand name "Blue" on the collar and the shirt sold in another store may bear the brand name "Red".

They are not attempting to reach that far, but what I say is that when you have this definition it goes the full limit in relation to cosmetics and pharmaceuticals, and any logic or reason that you would apply in justifying this extension would apply equally to broadening the entire field. Why stop at these two products? Is it because some people who have enough pressure to exert have asked that this situation be covered and limited to these products, or is it because the Excise Tax Act is going to continue to grow? Is it to be like Topsy, who "just growed"?

This is a bits-and-pieces kind of legislation. It is not the first time I have complained about it. I have complained about it regularly. My complaining doesn't seem to do much good, because somebody gets an idea or makes a suggestion and another bit is added. And so we have this anomalous sort of thing that has no sense or logic or reason as to the way in which it is done. I do not think it will be very long before we are asked at some session of Parliament to provide amendments to this very section so as to cover things—and some of them, I suggest, are obvious—which have not been covered in the effort that is being made to introduce the application of this entirely artificial definition to these two types of products. For instance, a retailer can ask a manufacturer to make a product for him, and the manufacturer can make the product and put the retailer's brand name on it. The retailer puts the product in his store and sells it to the general consumer. The retailer is not regarded as the manufacturer if he does this. But if the buyer of those products sells them at any level other than in his retail store and not to a consumer, then he is a manufacturer, and the tax impost on him is greater, because the tax is on his selling price rather than on his buying price.

I have tried to give my point of view. My friend from Hanover (Hon. Mr. Brunt), who sponsored the bill, gave an explanation which I thought was very ingenious, but which did not contribute anything to the situation.

Hon. Mr. Brunt: Thank you for the first remark.

Hon. Mr. Hayden: You may thank me for the second remark before I am through. My friend said the purpose of this was to bring the definition of "manufacturer" up to the present day definition of "manufacturer", to bring it in line with modern business practice. Well, nobody can standardize modern business practice to the extent of limiting the field to cosmetics and pharmaceuticals. Many a person goes to a manufacturer and says: "Will you make this product for me and put my brand on it?" I want to tell my friend, and I am sure he knows it without my telling him, that that is done today with an infinite variety of products. A very substantial manufacturing business is being carried on today by people who have no original manufacture of their own, but who manufacture for other people products that these other people want. It may be shirts, cosmetics, pharmaceuticals, tires, or an infinite variety of things. It has worked out very well. I would think there is a centre line from which you could quite easily push to the right the circumstances under which a person who has that product manufactured should be called a manufacturer, and from which you could push to the left the circumstances under which he is not a manufacturer. When you start pushing to the left, which I suggest is the farthest away from the real and basic concept of a manufacturer, then you are going in the wrong direction first. If you want to cover the whole field, yes, cover it, but do not cover the more remote applications first and leave the ones standing right in front of you in large outline and do nothing about them.

The second point I wish to discuss is packaging. I do not know whether the ladies—the customers who enjoy cosmetics—will be happy about the fact that cosmetics have now joined the list of products which includes candy, chocolates, chewing gum, and other confectionery but cosmetics and pharmaceuticals have been included in that category of products. If you package a cosmetic or a pharmaceutical, then for purposes of application of the sales tax, if this section of the bill

becomes law, you will be a manufacturer or a producer and will pay sales tax at a higher level than heretofore. If it is a case of revenue, I suppose there is nothing we can complain about, but to suggest that if I have a manufacturer make a product for me and he delivers it to me, and then I put it in a carton, therefore I am a manufacturer, certainly that is a wide extension of the definition of manufacturing to reach out to cover packaging in those circumstances.

Hon. Mr. Kinley: You can market it with your name on it.

Hon. Mr. Hayden: You may or may not. This covers the packaging, and packaging does not necessarily cover the marketing, although it may, but it is the packaging itself that makes you a manufacturer. I know what it is intended to do, namely, to cover the bulk purchase. That is, you may have a businessman in Canada who buys from some manufacturer in bulk and has the product delivered in bulk to his premises, and he packages it in small packages or bottles it in small bottles. This is intended to cover that kind of bulk purchase, whether the bulk purchase is by importation or by domestic purchase; and presumably the theory behind it is that the person able to buy in bulk achieves a lower cost, and he is able to sell and compete—the suggestion being, unfairly—against the small operator who has not the bulk purchasing power. Then we have this situation, that the statute is being used for the purpose of regulating trade, rather than for the purpose of raising revenue, which is the inherent purpose of the statute. The inherent purpose of an excise tax act is to raise revenue.

Hon. Mr. Brunt: Is not the purpose of this section to raise revenue?

Hon. Mr. Hayden: I suggest that the purpose of this section—and it has been explained as one of the reasons why it was introduced—is to get after the person who buys in bulk, and who by buying in bulk is able to sell ultimately to the consumer at a cheaper price on the smaller purchase cost. That is one of the reasons. The moment you get into that field you are getting into the regulation of trade.

Hon. Mr. Brunt: That is an incidental matter to raising revenue, which is the purpose of the section.

Hon. Mr. Hayden: Well, I don't know which one is incidental. I would think both were very important purposes, and I would not say that either one could be said to be ancillary to the other. Raising revenue is an important purpose, and regulating trade is an important purpose, and you regulate trade with respect to the man with bulk purchasing power in the field of cosmetics and pharmaceuticals only. Then I say you have two distinct purposes here, and we should not have such a conflict in a statute that is obviously intended and designed to provide as much revenue as possible.

The other thing I wanted to say is in connection with the transfer of the taxing provision in relation to the export of electricity under the Exportation of Power and Fluids and Importation of Gas Act. This bill proposes to transfer the authority to tax from that statute to the Excise Tax Act. Now, it may seem, on first reading, to be an obvious and painless sort of operation, but there are just one or two things I would point out. I noticed that the sponsor of the bill in his explanation drew attention to the fact that under the present statute, that is, the Exportation of Power and Fluids and Importation of Gas Act, the Governor in Council is the one who has the authority to determine the amount of the tax on the export of power, and to impose it, which allows some flexibility; whereas, when you bring it into the Excise Tax Act you have a specific rate of tax with no flexibility whatsoever, and any changes could only be made by act of Parliament.

Now, I can see in the export of electricity a set of conditions that are unusual, and that could be more readily and much better served by having that discretionary power in the Governor in Council, rather than by having a fixed rate of duty set out in the Excise Tax Act. I can conceive of situations, where, for instance, owing to circumstances or emergencies as between Canada and the United States, you may find an extra demand for power on the American side at some time during the year because of emergency conditions, and yet at some other time of the year you may find the reverse situation existing in Canada, and the exports in each case would balance off and really amount to an interchange of power. In those circumstances, the Governor in Council by regulation could cover the situation. It is a flexible situation. But under this bill and the amendment which is proposed here, unless you write a very carefully thought-out definition of what shall constitute the export of power, you may very well create difficult operational situations in the field of the production of power. It is a situation that we should look at very carefully because there is no tax so far on the export of gas and oil, no suggestion of an export tax. Now, to my way of thinking, if a tax could be justified at all it could be justified on the export of gas and oil more readily than on the export of power, for the reason that water at least is useable again, whereas when gas and oil are exported that part of our assets is gone forever. I think

honourable senators must know as well as I that in Norway they make use of the same flow of water coming down from the mountain top to generate power at three different levels on its descent to the fjord.

Hon. Mr. Brunt: We have that on the Ottawa River also.

Hon. Mr. Hayden: Yes, I know. So water is replenishable in a sense that gas and oil are not.

That is an argument as to whether or not there should be a tax, and possibly that is beside the point, because under existing law we have the provision for taxing. But I just point that out as another reason why I think we should look very carefully at this proposition. It is not as though we are going to affect the ways and means of the Government at all, it is not that we are going to do any harm or injustice to any Government policy in this connection; it is just a question of whether or not this provision to tax the export of power is or is not better off where it is at present than if it were moved into the Excise Tax Act. I suggest it is better off where it is.

Hon. Mr. Macdonald: Honourable senators, I intended to move adjournment of the debate, but I understand there are a number of witnesses who would like to appear before the committee tomorrow.

Hon. Mr. Brunt: That is correct.

Hon. Mr. Macdonald: Under the circumstances,—and honourable senators know that I am always pleased to co-operate—I reserve any remarks that I had intended to make until the bill comes up for third reading.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Brunt, bill referred to Standing Committee on Banking and Commerce.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, June 3, 1959

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

Prayers.

SEEDS BILL

FIRST READING

Hon. W. M. Aseltine presented Bill S-24, respecting the testing, inspection and sale of seeds.

Bill read first time.

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

Hon. Mr. Aseltine: Tuesday next.

EXCISE TAX BILL

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the committee's report on Bill C-47, to amend the Excise Tax Act.

The report was read by the Clerk Assistant as follows:

Your committee recommend that authority be granted for the printing of 600 copies in English and 200 copies in French of their proceedings on the said bill.

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

Hon. Mr. Hayden: With leave of the Senate, I move that the report be adopted now.

Motion agreed to.

INCOME TAX BILL

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill C-48, to amend the Income Tax Act.

The report was read by the Clerk Assistant as follows:

Your committee recommend that authority be granted for the printing of 600 copies in English and 200 copies in French of their proceedings on the said bill.

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

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

Motion agreed to.

INFLATION

ADDITION TO MEMBERSHIP OF FINANCE COMMITTEE

Hon. Arthur L. Beaubien, with leave of the Senate, moved:

That the name of the Honourable Senator Power be added to the list of senators serving on the Standing Committee on Finance.

Motion agreed to.

INDIAN AFFAIRS

CHANGE IN MEMBERSHIP OF JOINT COMMITTEE

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

That the name of the Honourable Senator Smith (Kamloops) be substituted for that of the Honourable Senator Turgeon on the list of senators appointed to serve on the Joint Committee of both Houses of Parliament on Indian Affairs; and that a message be sent to the House of Commons to inform that house accordingly.

Motion agreed to.

EDUCATION

FEDERAL GOVERNMENT CONTRIBUTIONS—INQUIRY AND ANSWER

Hon. William M. Wall inquired of the Government, pursuant to notice:

1. What has been the total contribution of the federal Government to all forms of education in Canada during the fiscal year ending March 31, 1959? It is requested that these expenditures be listed under the following headings:

—University grants, on a *per capita* basis

—Veterans Assistance

(a) University
(b) Vocational

—Atomic Energy Research grants

—National Research Council

(a) Research grants
(b) Scholarships, bursaries, assistantships
(c) Special activities
(d) Travel assistance

—Fisheries Department—

(a) Research Board scholarships and grants
(b) Extension work on Co-operatives

—External Affairs:

fellowships and scholarships overseas

—Labour Department

(a) Vocational training
(b) Frontier College

—Mines and Technical Surveys

(a) Grants in aid of Geological research
(b) Grants—University of British Columbia—in aid of research in foreign geography

—National Health and Welfare Department

(a) Health facilities—Training grants
(b) Schools of social work
(c) Development of training facilities, bursaries and refresher courses

—Contributions to education by other Crown corporations

(a) Central Mortgage and Housing
(b) Others

—Transport Department

(a) Grants to schools of navigation and seamanship

(b) Contribution toward operation of marine engineering schools

—Contributions to education of Indians and Eskimos

(a) Indians

(b) Eskimos

—Additional contributions to education by federal Government departments or agencies not listed above

2. What are the estimated total contributions of the federal Government to all forms of education in Canada for the fiscal year ending March 31, 1960, under categories given in Question 1?

Hon. Mr. Aseltine: Honourable senators, I have the answer to the honourable gentleman's inquiry.

Hon. Mr. Macdonald: Honourable senators, may I ask the honourable Leader of the Government if the answer to the inquiry will be printed in *Hansard*?

Hon. Mr. Aseltine: The answer contains a great deal of valuable information, and even though it is comparatively long, the material having been supplied by some fifteen or sixteen different departments, I think it should be printed in *Hansard*.

For answer to inquiry see appendix to today's Hansard, *pp. 732-8.*

FREIGHT RATES REDUCTION BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

The Senate resumed from Thursday, May 28, the adjourned debate on the motion of Hon. Mr. Hnatyshyn for the second reading of Bill C-38, to make provision for the reduction of certain class and commodity rates on freight traffic.

Hon. A. K. Hugessen: Honourable senators, this bill was very fully and clearly explained the other afternoon by the honourable senator from Saskatoon (Hon. Mr. Hnatyshyn), and I do not think I need traverse today the same ground which he covered so admirably.

In its essence, this is a bill to create partial relief of shippers in this country who are affected by the recent increase of 17 per cent in certain freight rates, resulting from the order of the Board of Transport Commissioners of November 17 last. In that respect, the measure is of the same order as legislation to which Parliament has been accustomed in various instances in the past, such as, for instance, the Maritime Freight Rates Act, which has been in force for quite a number of years, and which relieves to some extent shippers in the Maritimes from the incidence of freight rates by reason of the distance they are situated from the large centres of population of the country. It also follows the act which we passed three or four years ago, generally called the Bridge Act, which provides a subsidy to the two railway companies of, I think, $7 million a year to permit of their maintaining those parts of their respective main lines running through northern Ontario, which produce very little traffic themselves, but which are necessary in order that freight may move freely and at reasonable rates from one section of the country to the other. Although that act is not a direct relief to the shippers, in that no money is paid to the shippers under it, nevertheless the ultimate effect is that it enables the railways to charge lower rates to shippers who have to ship over that bridge or gap, as you may call it, than they would otherwise have to pay.

As I said, this bill purports to relieve to some extent shippers in this country who are now required to pay the 17 per cent increase in charges established by the Board of Transport Commissioners last November. As honourable senators will recall, the order directed that the rates which were to be subject to this 17 per cent increase were certain class rates and commodity rates. In fact, they covered, I think, all the class rates and the commodity rates except coal and coke, which were subject to a special rate and, therefore, do not benefit under this act.

Like the honourable senator from Saskatoon, I do not wish to go into a general dissertation on the subject of freight rates in this country. It is an extremely difficult and technical subject. But I do want to say this, that the relief given by this bill to those shippers who pay class rates and commodity rates applies only to those two kinds of rates. There are several other kinds of railroad rates in this country. There are what are called the competitive rates, which are rates that the railways are allowed to charge lower than the class rate or the commodity rate, in order to meet competition, largely from trucking services. Then there are the statutory rates, which are definitely fixed by acts of Parliament, of which, I suppose, the most outstanding are the Crowsnest Pass rates. Those are not affected. Of course, there are also what are called the agreed charges. The railways were authorized to make agreed charges by Parliament a few years ago. As honourable senators will recall, an agreed charge results from a contract between a railway company and a specific shipper of commodities under which the railway company gives a special rate to that shipper upon his undertaking to ship either the whole or a certain definite part of his entire freight by the railway for a certain period of years. The only qualification, the only limitation,

upon the power of the railways with respect to agreed charges is that the rates which they make shall be compensatory to the railways.

The theory is that the class rates and commodity rates are the rates upon which the great majority of the traffic of this country is supposed to travel. In years past that was, in fact, the case. Only a few years ago more than 50 per cent of the freight traffic of this country travelled under class rates and commodity rates, but that situation has changed very rapidly in the last few years, partly as a result of the right that the railway companies now have to make agreed charges, and partly as a result of increasing competition from trucks on the highways. I understand that at the present time only about 32 per cent of the entire freight traffic of the country travels under class rates and commodity rates, the rest travelling under agreed charges or competitive rates or statutory rates.

The total freight traffic which moved last year under class rates and commodity rates amounted to about $280 million or $290 million. That figure explains the figure of $20 million provided in this bill for relief to the shippers. It explains it in this way. I gather that the intention of the Government was to relieve these shippers by class and commodity rates to the extent of about 7 per cent, so that instead of paying the whole increase of 17 per cent ordered by the Board of Transport Commissioners they should pay only approximately 10 per cent. The amount of $20 million is just about 7 per cent of the $280 million or $290 million of total traffic which moved under these rates last year. It is therefore anticipated that, assuming the same amount of traffic moves under these rates in the coming year, $20 million will provide about a 7 per cent reduction for the people who pay these rates.

The provisions of the bill are simple enough. There are only two that are really of the greater importance. The first one, in clause 3, orders the Board of Transport Commissioners, as soon as this bill becomes law, to reduce the class and commodity rates which it had increased by its order of November 17 last, for a period of one year in such a manner as to reduce them by approximately $20 million. In other words, the Board of Transport Commissioners has to reduce these rates to the extent of $20 million.

Clause 4 of the bill provides that the Government shall, upon the recommendation of the Board of Transport Commissioners, pay this $20 million to the railways which, but for the reduction, would have received this amount from the shippers.

It has been stated that this is only a temporary measure and that the Government, faced with this increase of 17 per cent, decided it would temper the wind to the shorn lamb to the extent of $20 million for a period of one year, but as a matter of permanent policy it would appoint a Royal Commission on Transportation to inquire into the whole question of freight rates and report in due course to Parliament, after which presumably the Government would introduce such legislation as it might consider necessary in order to implement the report of the royal commission. The appointment of this royal commission, and its terms of reference, were announced the other day. As I have said, this bill provides for this relief for a period of only one year. I think it would be very optimistic to suppose that the royal commission will produce its report in time for Parliament to take action one year from now. Honourable senators will recall that the last royal commission on transportation in this country, the Turgeon Commission, was appointed in 1949 and did not submit its report until more than two years later, and it was not until the following year that remedial legislation was introduced. So, honourable senators, I think we will have to anticipate that probably this time next year we shall be faced with another temporary measure pending the completion of the report of the new royal commission.

I have not got with me the terms of reference of this commission but, as far as I could read them, they seemed to be wide enough to cover all matters which should be covered in order to present an intelligent picture of the position of transportation in this country. One thing that the commission is to inquire into, or will have the right to inquire into, is the Crowsnest Pass rates. Although the terms of reference are worded in such a way as not to include the idea that there should be any change in the Crowsnest Pass rates, I think the terms of reference empower the commission to inquire into statutory rates which are imposed for reasons of public policy and which otherwise could not be justified. I must say that if any kind of railway rate falls within that classification, it is the Crowsnest Pass rates. As honourable senators know, those rates were established in the year 1897, and I think anybody would agree that it is completely unrealistic to expect our railway companies to transport freight at rates that were fixed 62 years ago.

Hon. Mr. Macdonald: May I ask the honourable senator a question? I have heard it stated that the rates have been changed since they were first put into effect. Is that correct or not? Or is it a fact that these rates have never been changed?

Hon. Mr. Hugessen: I am not sure of that. I think that there was one short period in the early 1920's when they were changed, and then they were changed back again.

Hon. Mr. Aseltine: Suspended.

Hon. Mr. Hugessen: Suspended, that is the correct expression. Then the suspension was removed. So in fact, at the present time—and the honourable Leader of the Government (Hon. Mr. Aseltine) can correct me if I am wrong—the Crowsnest Pass rates are today precisely what they were in 1897.

Hon. Mr. Horner: There was a land grant consideration given the railway in connection with the Crowsnest Pass rates.

Hon. Mr. Hugessen: Well, a land grant consideration was given to the Canadian Pacific Railway in 1897, but is that any reason why the Canadian National Railways, which received no such grant, has got to carry its freight at those rates?

Hon. Mr. Hnatyshyn: Would the honourable senator permit a question? Is he aware that most of the wealth, the surplus, of the C.P.R. is from the land grants it received as a result of the concessions that were made in 1897?

Hon. Mr. Horner: And before.

Hon. Mr. Hnatyshyn: And before.

Hon. Mr. Lambert: May I ask the honourable senator, as a matter of information, if the Crowsnest Pass agreement originally did not also contain special rates on return shipments from the east to the west, particularly return shipments of hardware, at an agreed rate? And I think that this complementary rate to the railroad on grain at the head of the lakes was eliminated in 1925. To that extent I think possibly the Crowsnest Pass rates are the same as originally, with the exception of those commodity rates on shipments going back to the west from Ontario and the other provinces.

Hon. Mr. Hugessen: I am not an expert on freight rates, and I am not an expert on the Crowsnest Pass rates. Remember, honourable senators, I am not suggesting that those rates be changed. All I am saying is, and I think no one will disagree with me, that it does seem completely unrealistic to expect our railways to ship freight today at the rates that were established in 1897.

I noticed a few weeks ago that some agriculturists from the west came to Ottawa to try to persuade the Government to pay the western agriculturists, who benefit from these Crowsnest Pass rates, a sum of $300 million, was it not, by way of deficiency payments. I wonder what would have been the reaction of those gentlemen if it had been suggested to them that, if they insist upon the railways carrying their grain to Vancouver at rates that were charged in 1897, they should have no objection to receiving for their grain the prices that they received in 1897. I can imagine the answer that those gentlemen would have given.

Now, it may well be that it is a matter of national policy to keep these Crowsnest Pass rates at their present very low level in order to permit grain from the Prairies to travel to the Pacific Coast and to compete with grain from other countries in the markets of the world. That may be, and probably is, a question of national policy. But what has not, so far as I know, at any time yet been determined is whether today those rates recompense the railways for the expense of shipping those commodities. Apparently there are all sorts of difficult questions involved as to the allocation of expenses. Generally speaking, I think that in all probability you would find today that the railways are carrying those commodities under the Crowsnest Pass rates at a loss. The terms of reference of the Royal Commission on Transportation are such as to permit that commission to investigate that question with a view to determining what loss, if any, the railways are suffering as a result of these Crowsnest Pass rates, and to recommend to the Government that a payment be made to the railways equivalent to the amount that they are losing on that traffic today. That, I think, if the commission so finds, would be eminently fair, because I do not think we can expect our railways to carry freight traffic at a loss on grounds of national policy. The loss, if loss there should be, should be met by a grant from Parliament.

The other thing which it seems to me that this Royal Commission on Transportation will have to inquire into is the relationship between the railways and the trucking industry —the effect on the railways of truck competition and the relationship between the two. The legal position in that respect came before this house a few years ago. Honourable senators will remember that there had always been a question, a legal question, as to whether Parliament had authority over interprovincial road traffic, and that in 1952, or it may have been 1953, the Judicial Committee of the Privy Council, in the Winner case, determined that Parliament does have authority over interprovincial road traffic. That matter came before Parliament, because at that time the Government of the day felt very reluctant to go into the field of regulation of road traffic. It was said, for instance, and I have no doubt quite correctly, that the Board of Transport Commissioners already had far more work than it could handle, and

that to add to its labours the regulation of interprovincial road traffic would be to overburden it unconscionably. So in the session of 1953-54 Parliament passed a measure under which in effect we handed back to the provinces the regulation of interprovincial trucking. I have not looked up the statute, but I think it provided more or less to this effect, that so far as the federal authority had any jurisdiction over interprovincial trucking, the various provincial bodies which regulated trucking within our provinces should be the agents of the federal Governmnet. So by that means the regulation of interprovincial trucking was in effect handed back to the provinces. Some of us said at the time, and I think it is even truer today, that it is becoming time for us to reconsider that decision. Highway trucks are far more competitive with our railways than they ever were before, and in fact there has been an enormous change in that respect during the last 25 years.

I happened to read, in the proceedings of the House of Commons committee which considered this bill, a quotation from the report of the Duff Commission on Transportation made in 1932—that is 27 years ago. This is what the commission said about the relationship between the trucks and the railways:

> In the more thickly settled areas in Canada, relief may be found in establishing zones for truck operations. The truck has its place in the movement of goods, but its proper function is collective and dispersive and not that of a primary carrier. In a properly co-ordinated transport system, the railway would assume the main burden of the carriage of goods for distances exceeding 50 miles, and trucks would operate as collectors and distributors of freight.

Hon. Mr. Macdonald: How many years ago was that?

Hon. Mr. Hugessen: That was in 1932.

Honourable senators will realize how very far we have moved from that position in the intervening 27 years, and the reasons for it are quite obvious. Good roads are increasing all the time. The Trans-Canada Highway and other improved highways of that kind have been constructed and can be used for the conveyance of bulky commodities by way of trucking in a way which would have been considered impossible a few years ago.

Then again there is a very recent development under which railway freight traffic and truck traffic have become intermingled, as one might say. I refer of course to the piggyback services which have come into effect in the last year or two, under which truckers make agreements with railway companies whereby their trucks are transported by railway over considerable distances. I think it is a very admirable development, and for myself I would be glad to see it very largely increased, because from the point of view of general economics it seems to me far preferable that trucks should be carried by the railway over long distances. It is cheaper, for one thing; and for another thing, it is much better that these trucks should travel by rail than that they should make the night hideous for the people who happen to live along the highways.

Then, of course, there is this further consideration, that the railways themselves, by force of circumstances, have had to go into the trucking business. The Canadian Pacific Railway Company recently acquired the Smith Transport Company, one of the largest trucking companies in this country, and though the Canadian National Railway has not acquired any independent trucking system, nevertheless it has on its own gone into trucking in a rather big way. So I think we have the right to expect that the new royal commission will go thoroughly into this question of the relationship between the trucks and the railways, and that it will try to reach some conclusion as to the way in which interprovincial truck transport can be so integrated with railway transport that we shall have control over these two systems of transport instead of the rather peculiar system which exists at present, under which our railways, so far as their freight traffic is concerned, are regulated by the Board of Transport Commissioners, while our trucking systems are regulated by nine or ten provincial bodies throughout the country.

What we really should be aiming at and what this new royal commission should be aiming at is to try to devise some proper system, fair to all concerned, under which all of the long-distance freight traffic in this country, however it is carried, whether by train or truck or sea or air, shall be subject to one central authority.

Honourable senators, those were the ideas that came to me when considering this bill and the evidence that was given before the committee of the other place. So far as the bill itself is concerned, I do not think any of us could take any serious objection to it.

Hon. G. Percival Burchill: Honourable senators, when the honourable gentleman from Saskatoon (Hon. Mr. Hnatyshyn) was introducing this measure last Thursday he stated that the Crowsnest freight rate structure ought not to be affected in any way, that that solemn agreement made in 1897—I thought it was 1899—was untouchable. When he said that I wondered if honourable senators realized that other solemn agreements on transportation were made when this country was constituted, but which have not been treated with the same sanctity as the honourable gentleman would have us believe

that the Crowsnest Pass agreement should be treated. I refer of course to the undertakings given by the Fathers of Confederation when the provinces by the sea, which were then the Maritime provinces and today are three of Atlantic provinces, were induced to join Confederation. We are apt to forget such things in these hurrying days, and I am going to ask the indulgence of the house for a few minutes while I remind honourable senators of something that we learned in our school days about the genesis of Canada

I want to say, first of all, that if the Crowsnest Pass freight rates are sacred, then the same consideration should be given to the rates from the Maritime provinces.

Article 65 of the London Resolutions, adopted in 1866, upon which the British North America Act was based, reads as follows:

> The construction of the Intercolonial Railway being essential to the consolidation of the union of British North America, and to the assent of the Maritime provinces thereto, it is agreed that provision be made for its immediate construction by the General Government, and that the imperial guarantee for £3,000,000 sterling pledged for this work be applied thereto, so soon as the necessary authority has been obtained from the Imperial Parliament.

The Intercolonial Railway was completed in 1876, in compliance with section 145 of the British North America Act. This section of the act reads:

> Inasmuch as the province of Canada, Nova Scotia and New Brunswick have joined in a declaration that the construction of the Intercolonial Railway is essential to the consolidation of the Union of British North America, and to the assent thereto of Nova Scotia and New Brunswick, and have consequently agreed that provision should be made for its immediate construction by the Government of Canada; Therefore, in order to give effect to that agreement, it shall be the duty of the Government and Parliament of Canada to provide for the commencement within six months after the Union, of a railway connecting the river St. Lawrence with the city of Halifax in Nova Scotia, and for the construction thereof without intermission, and the completion thereof with all practicable speed.

While no specific references are contained in either the London Resolutions or the British North America Act to freight rate structure on the railway, events and pronouncements of the leading statesmen leave no doubt of the understanding that the rate structure was to be so devised as "to afford Maritime merchants, traders and manufacturers a market of several millions of people instead of their being restricted to the small and scattered populations of the Maritimes themselves".

I will not attempt to quote in detail the declarations of some of the Fathers of Confederation with reference to the Intercolonial Railway as an inducement to the Maritime colonies to enter the political union, but I will make a few brief excerpts from addresses of Sir John A. Macdonald, the Honourable A. T. Galt, the Honourable George Brown and the Honourable George Etienne Cartier, to indicate their sincerity as to the purpose and intent of the railway.

In a speech delivered at Halifax in 1864 Sir John A. Macdonald said in part:

> I don't hesitate to say that with respect to the Intercolonial Railway, it is understood by the people of Canada that it can only be built as a means of political union for the colonies. It cannot be denied that the railway, as a commercial enterprise, would be of comparatively little commercial advantage to the people of Canada.

The Honourable Mr. Galt made this statement:

> The railway is not to be looked upon as a question of cost but as a bond of union that will unite us in peace and in time of need.

At Halifax on September 10, 1864, the Honourable George Brown had this to say:

> Union of all the provinces would break down all trade barriers between us, and throw open at once to all a combined market of four millions of people. You in the east would send us your fish and your coals and your West India produce, while we send you in return the flour and the grain and the meats you now buy in Boston and New York.

At the conclusion of an address made in Halifax, the Honourable George Etienne Cartier said:

> Let me assure you that the promises we make are made in all sincerity and good faith—in urging union upon you we believe we are doing that which will be for your happiness and prosperity.

I am not going to attempt to go into the long story of the struggle of Atlantic provinces interests against freight rates which have throttled Maritime industries. They have been the subject of continual dissatisfaction, irritation and frustration. They have licked many of our industries, placed a heavy burden on all, and have prevented, over the years, no end of industrial enterprise from locating in the Atlantic provinces. Many of our manufacturing companies have been obliged to move their plants to Quebec and Ontario and, indeed, the movement is still going on, for present day competition is so keen that even some of our oldest industries, continually faced with the problem of transportation costs, have always before them the threat that, sooner or later, high freight costs will force them to pull up their stakes and move to sites closer to their markets.

I do not think I am exaggerating when I say that since the First World War no single subject has been so much in the forefront

of discussion in the councils of provincial governments, municipalities, boards of trade, chambers of commerce, the Atlantic Provinces Economic Council, agricultural associations, in fact, in all groups of citizens in every Atlantic community—for it affects everybody, all classes—as this frustrating problem of freight rates.

As the result of many representations, the Duncan Commission, appointed by the federal Government in 1926, made a recommendation that an immediate reduction of 20 per cent be made on all rates charged on traffic originating at stations in the Atlantic division. This was supplemented and put into effect by the passage of the Maritime Freight Rates Act in 1927. At that time Intercolonial Railway rates had suffered an estimated culminative increase of 92 per cent over the original rates. Since that time increases have been the order of the day, and particularly during the last ten years, for since April 1948 there have been seven horizontal rate increases amounting to 157 per cent. So it is not difficult to see that the effect of these increases has wiped out, to a large extent, the value of the Maritime Freight Rates Act, even though in 1957 the subsidy was increased to 30 per cent.

Let me give you an example of what has happened to one commodity. The rate on lumber from Newcastle, New Brunswick, to Montreal in 1947 was 23 cents per hundred pounds, while the present rate is 48 cents, an increase which amounts to approximately $5 per thousand.

There is another feature of the situation to which I wish to refer. There are competitive and non-competitive rates. Both by revenue and by tonnage we have the highest proportion of non-competitive rates in respect to inbound, outbound and intra-regional traffic. May I give some instances to illustrate the difference in effect between competitive and non-competitive rates? I am quoting now from the testimony of Mr. H. A. Mann, Executive Manager of the Maritimes Transportation Commission, given before the Standing Committee of the House of Commons on Railways, Canals and Telegraph Lines, of Friday, April 17.

Rail distances from Dalhousie, New Brunswick and Val d'Or, Quebec to Montreal are within four miles of each other. Both those centres ship lumber to Montreal. Before the recent increase of 17 per cent the rates were identical—41 cents per 100 pounds. On December 1, 1958 these rates became 48 cents as a result of the increase. Then the increase was taken off the Val d'Or to Montreal rate but the 17 per cent stayed on the Dalhousie rate. As a result the Dalhousie shipper must pay $1.40 per thousand superficial feet to get his lumber into Montreal than the Val d'Or shipper.

Or, take our canning industry in Nova Scotia. The rates from Hamilton to Middletown, Nova Scotia are class rates, which take the full 17 per cent increase. Rates on tin cans from Hamilton to Montreal, however, are under an agreed charge, and they were not touched.

We compete in Montreal with Toronto producers in the sale of electric stoves. The Enterprise Foundry, in Sackville, manufactures some of the finest stoves in Canada, and markets them all across this country. It is one of our biggest manufacturing concerns in the Maritimes, and it is very adversely affected by this freight increase. It ships, as do other manufacturers in Sackville, to Montreal. Our rate into Montreal went up 17 per cent in December, but Toronto's competitive rate was not touched.

Now, honourable senators, contrast this with what has happened in the West. The Crowsnest Pass agreement was made in September, 1897—I understood it was 1899, but it was 1897—and the rates which were set in 1897 are still the rates in 1959. There has been no inflation there. Moreover, in 1927 the rates on grain to Vancouver for export were reduced to make them equal to the rates to Fort William. The rate was set at .49 cents per ton mile and it is still .49 cents per ton mile, while the national average is 2.01 cents per ton mile.

Western grain accounts for over one-quarter of the ton miles of freight hauled by the Canadian railways. When you add to this the amount of traffic which moves at competitive rates it is apparent that non-competitive commodity rates have to bear the burden of those horizontal increases, and, as I have indicated, in that case the Atlantic provinces have the doubtful distinction of leading the rest of Canada.

We welcome this bill. Of course, we welcome it as a crumb. We also welcome the action of the Government in appointing a royal commission, but from what I have said this afternoon I am sure you must agree with me that in the matter of freight rates, which is a life and death matter to the industrial life of our section of the country, Canada has dealt more generously with the West than it has with the East.

Hon. T. A. Crerar: Honourable senators, it will not surprise the house if I rise to my feet to make a few observations on the famous Crowsnest Pass rates. Before doing that, however, I would like to make a general reference to the principle of this bill.

Everyone who has given any thought to the problem understands that freight rates

have been a difficult and vexing problem almost since Confederation. That is due, of course, to the physical character of our country, and to the fact that the great centres of population in this country are in the central part of the dominion. If you take the population of the three Maritime provinces, and include Newfoundland, you will see that it is hardly less than half of the population of Quebec. If you take the combined populations of the four western provinces you have substantially less than the present population of Ontario.

That, of course, is bound to affect this problem. It cannot be otherwise. We in the West—and when I speak of the West I speak of the area west of Fort William—have suffered the same disadvantages as have the Maritime provinces down by the Atlantic. It is quite true, as the honourable senator from Northumberland-Miramichi (Hon. Mr. Burchill) stated a few moments ago, that part of the undertaking of Confederation was the building of the Intercolonial Railway, and he may have been reasonably correct in the assumption that when that agreement was made for the construction of the Intercolonial Railway it carried with it the implication that rates on it would be such as would enable commerce to move from the Atlantic provinces to the central provinces, and *vice versa*. While it is worth bearing in mind that that was not a stipulation in the contract whereby the Intercolonial Railway was built, it may be a reasonable assumption.

The problem of the railways arises from the same source as do many other problems affecting industrialization. The railways' costs of operation have advanced enormously. It is not only the wages paid to the operating men who run the trains; it is not only the wages paid to the maintenance men who keep the road in proper condition, but it goes much further. Railways are large users of iron and steel. They are large consumers of lumber, of railway ties, and of coal and oil. In every one of these things that are necessary for their operation their costs have advanced enormously. I am bound to say there is a very real problem here. I am not so optimistic as to believe that the recently announced McTague Commission, which will inquire into the whole subject of transportation, will come up with any really effective answer, but it is to be hoped its recommendations will contribute something worth while to the solution of this difficult problem.

Having said this I wish, in a gentle and good-humoured way, to set a couple of my colleagues right about their criticism of the Crowsnest Pass rates. It is well to review the history of all this.

When the Canadian Pacific Railway was first mooted, it was a magnificent conception of tying this country together, and I think the building of it probably meant the retention in our Canadian Confederation of the area we now call British Columbia. At any rate, it was, in the best sense of the term, a "political road" at that time, and it was justified. But I would remind honourable senators that its promoters secured very definite assistance. It might be worth recalling that the company received $25 million in cash and a completed section of road in British Columbia, the value of which I forget at the moment, but it was very substantial. In addition the company received 25 million acres of land. It may be argued that the cash payments came largely from eastern Canada, from Ontario and Quebec. I do not deny this, but I venture to say that the 25 million of acres of land did not cost New Brunswick, Ontario, Nova Scotia or Quebec one paltry red cent. Another factor that should be borne in mind is that the C.P.R. got this land grant without any strings attached. It had an agreement with the Government to issue title when the land was selected by the company.

A very interesting thing happened with the building of the road through the Prairies. When they reached the town of Medicine Hat they found natural gas in very substantial quantities. It had never occurred to the Canadian Government to reserve mineral rights on any lands in the Prairie provinces, but with this discovery of natural gas in 1885 or 1887—I have forgotten which year—the mineral rights were reserved on all land disposed of by the federal Government. Bear that fact in mind.

There is another fact worth remembering. The Prairie provinces did not get their natural resources until 1930, only 30 years ago. Until then the federal Government had derived all revenue that came from timber dues, hay leases and things of that kind. When all resources were transferred to the provinces, in 1930, the mineral rights on lands transferred became the right of the Crown in the provinces, which held them from that time on. However, mineral rights had already been alienated with respect to practically 25 million acres of land acquired by the C.P.R. To day one of the very important sources of revenue the C.P.R. has is derived from development of the potentials of gas and oil on its lands, and the provinces do not directly get a red cent from this. The railway company is the sole owner. A few farmers went and homesteaded in southwestern Manitoba before 1885 and got title and have the mineral rights on their land. The same thing happened in Saskatchewan and Alberta. But for this vast amount of

land, some 25 million acres of land grants, the mineral rights repose in the Canadian Pacific Railway.

I should perhaps qualify this comment to the extent that before the C.P.R. reserved the mineral rights it had already transferred here and there land that had been sold to incoming settlers, and in the agreements of sale to the settlers nothing was said about the mineral rights, but after the discovery of gas in Medicine Hat these mineral rights were reserved. I suggest to the house that they would bring a very substantial amount of revenue to the Prairie provinces today and would enable them to reduce taxes for the benefit of their people. It is well known that the province of Alberta has reaped huge revenues from lands and a large area of British Columbia and Saskatchewan was still open when the resources were transferred. I think that is a factor of some consequence.

As to the Crowsnest Pass agreement, which was made in 1897 at the instance of the Canadian Pacific Railway, which approached the Government for assistance, I have no fault to find. I think it was perhaps a wise thing. But in return for a cash subsidy of several millions of dollars—again my memory may be at fault, because I did not expect to participate in this debate, and therefore did not bother to look up the figures—and for a substantial grant of land, the C.P.R. made concessions on grain rates and flour eastward and westward on a line of certain commodities, as the honourable senior senator from Ottawa (Hon. Mr. Lambert) said earlier in the discussion. That continued, curiously enough, until 1918 or 1919. Prior to that, because of war, costs had advanced very greatly, and so by order in council under the War Measures Act at that time the Crowsnest Pass rates were temporarily suspended. Some may recall the tremendous advance in wages of railway workers in the United States at that time, under the famed McAdoo award. Therefore, in order to keep the railways functioning, these rates were suspended. In 1919 legislation was brought in which, because the War Measures Act powers expired with the signing of peace, continued the abrogation of the rates for a further period of three years. That came up again in 1922. And thereby hangs a tale. Efforts were made to make the suspension complete, that is, to abrogate the effect of the Crowsnest Pass rates for the future. There was quite a battle over that, in which, may I say to the house, I had some little part.

Hon. Mr. Hnatyshyn: Hear, hear.

Hon. Mr. Crerar: The justice of our case from the West was argued before a committee—the argument and evidence lasting longer probably than any other hearing before a committee of the House of Commons, before or since—and it was demonstrated, I think to the satisfaction of every reasonable person, that the Crowsnest Pass rates were profitable rates. I venture to say that they are profitable rates today. And why is that so? Look at the capital outlay, the capital cost of constructing a railway across a level prairie. Look further at the fact that a trainload of grain can be put together at Medicine Hat, Moose Jaw or Weyburn and taken right through to Fort William without any change, except perhaps a stop at Winnipeg so that samples of grain can be taken for inspection.

Hon Mr. Macdonald: Does the railway say that the rates are profitable today?

Hon. Mr. Crerar: No. I have yet to find anywhere a railway which will admit that any particular rates are profitable, but in the discussion before that committee I think it was established beyond any reasonable doubt at all that these rates were profitable rates.

Hon. Mr. Hayden: At that time.

Hon. Mr. Crerar: At that time; and I venture to say that they are still profitable rates for the railway.

Hon. Mr. Hayden: Does my friend suggest that when the Board of Transport Commissioners has granted an increase in rates it is based on some false premise?

Hon. Mr. Crerar: To what increase is my honourable friend alluding?

Hon. Mr. Hayden: The increases that have been granted on a number of occasions over the past few years.

Hon. Mr. Crerar: No. There is no doubt that railway costs have gone up. I suggest to the house, however, that the potential long-term revenue of the C.P.R. is a proper factor to set against the increase in grain rates advocated by some of our colleagues here today. And make no mistake about it, oil and gas, for instance, are going to be great sources of revenue in the future. I am convinced of that. Grain has to be hauled great distances, and I would like to see this commission make a thorough inquiry into the matter of the profitability or otherwise of the present Crowsnest Pass rates. May I point out that this commission has as one of its members one of the best informed men on freight rates in western Canada, namely, M. A. MacPherson, of Regina.

Hon. Mr. Hnatyshyn: Hear, hear.

Hon. Mr. Macdonald: May I ask if the Canadian National Railways are bound by the Crowsnest Pass rates?

Hon. Mr. Crerar: Of course they are bound by those rates, by competition, if by nothing else.

Hon. Mr. Aseltine: By statute.

Hon. Mr. Crerar: The problem of the Canadian National Railways has been with us from the very beginning. One person said wittily some years ago that the Canadian National Railways were a combination of junk, but I entirely dissent from this. The creation of the Canadian National Railways in 1919 was the only practical solution, emerging as it did from the Grand Trunk Railway, which went bankrupt on account of its guarantees on the Grand Trunk Pacific. There was not a province from British Columbia to Nova Scotia, I believe, that had not guaranteed bonds for some branch railway of the old Canadian Northern system and taken a mortgage on the mileage within the province to secure them. Now, a national railway built or assembled in that fashion certainly differed from the Canadian Pacific, which was built as an operating unit to make money.

Hon. Mr. Macdonald: Then we should not complain too much when the railway loses money?

Hon. Mr. Crerar: Are you referring to the Canadian National Railways?

Hon. Mr. Macdonald: I understood you to say that railway was not built to make money. My question is, should we complain when it loses money?

Hon. Mr. Crerar: If I conveyed that impression to the honourable leader on this side, I conveyed quite a wrong impression. These railways, branch lines and other lines, were built on occasion from political considerations, and at other times because there was a rosy optimism abroad, something like we have at the present time, that we were for ever going up and up and up, and our population was going to expand by leaps and bounds and would continue to do so.

Hon. Mr. Haig: May I ask the honourable gentleman a question? I think he has left out one point. When the bill abrogating the Crowsnest Pass agreement came before the House of Commons, under the Borden Government, was it not passed and sent on to the Senate, and was it not rejected by this house? Please answer that question.

Hon. Mr. Crerar: My honourable friend is right. When the bill was passed by the Commons in 1919, after a lapse when the rates were suspended under the War Measures Act, it provided for an abrogation of the rates for all time. However, when it came to this house a Conservative senator, who happened to be leader of the Government in the Senate at that time, the late Senator Lougheed, and a very eminent Liberal senator from Manitoba, Senator Watson, both insisted there be a limitation; and they stood together on putting into the bill a three-year limit, a provision that the abrogation would continue for only three years. That had the effect of its being brought up again in 1922. That is the story of that interesting part of Senate history.

I hope that the new royal commission will make a thorough inquiry into the Crowsnest Pass rates. I might remind the house that only some seven years ago a very extensive inquiry was conducted into the railway problems of this country by Mr. Justice Turgeon, who was at one time Chief Justice of the Saskatchewan Court of Appeal. Mr. Justice Turgeon was a very able man.

Hon. Mr. Macdonald: Is he the brother of one of our senators?

Hon. Mr. Crerar: His brother is sitting across the aisle from us.

Mr. Justice Turgeon inquired into all phases of the Crowsnest Pass rates and their incidence in the whole rate structure, and if you read the report that he made you will find a recommendation that these rates should not be tampered with. Now, that was an impartial inquiry. I am simply saying again that I trust the present commission will make an inquiry into those rates.

Hon. Mr. Golding: Would the honourable senator permit a question? Is he aware that this commission cannot interfere with those rates at all?

Hon. Mr. Crerar: I believe my honourable friend is right. The Crowsnest Pass rates are excluded from review by the commission. My own view is that it might have been a good thing to have the commission inquire into this matter. It is a vexing problem and it has been a vexing problem for many years, and I may say it will continue to be a vexing problem for many years to come. There is no question whatever that in the whole scheme of our transport system in Canada, the central provinces, by their population, by their being situated so closely together, have an advantage. If you have a very thickly settled community where the volume of freight is large over short hauls, you have a different situation altogether from what it is in the much wider field. In the light of all the circumstances, I am bound to say that I do not think the criticism of the Crowsnest Pass rates that we have heard this afternoon is justified criticism.

Hon. Mr. Horner: Honourable senators, I move adjournment of the debate.

Hon. John T. Haig: May I say a word before the motion is adopted?

Hon. Senators: Agreed.

Hon. Mr. Haig: Honourable senators, I have only a word or two to say on the bill, but first I want to congratulate the honourable senator from Churchill (Hon. Mr. Crerar) upon the speech he has just made.

I call attention of honourable senators to the House of Commons debates in the first session of 1919 on the Crowsnest Pass agreement, and at the same time I would suggest that they read the Senate debates of the same session. By so doing they will find out that something happened at that time which never happened before in the history of the country and has never happened since. A Conservative Government was in power in the House of Commons and proposed legislation to repeal the Crowsnest Pass rates agreement. The Senate had a Conservative majority at that time. In 1917 there was a Conservative majority of one in this house, but by 1919 that majority had increased to 10 or 15. Senator Watson, from Portage La Prairie, and Senator Lougheed from Calgary, joined together, and I must say that it was the first time on record, to my knowledge, when the Senate, although having a majority of Government supporters, refused to pass a Government measure that had come over here from the House of Commons.

Hon. Mr. Golding: May I now ask the honourable senior senator from Winnipeg (Hon. Mr. Haig) a question? Is it not a fact that at that time a Union Government was in office, not a Conservative Government?

Hon. Mr. Haig: I know, but it had switched a little. I apologize for calling it a Conservative Government, for it was in fact a Union Government. I stand corrected and I thank my honourable friend.

Honourable senators, I want to urge you again to look up the debates in *Hansard*. It is really gratifying to realize that the senators of those days could stand up and do that sort of thing. I myself did not think it was possible until I read about it. I did not think it was possible for this house, with a majority on the same political side as the majority in the House of Commons, to postpone a very important piece of legislation received from the Commons. The Senate did not kill it, it postponed it for three years. Then in 1925, when the late Right Honourable Mackenzie King was in power, the Crowsnest Pass agreement legislation was made permanent.

Hon. Mr. Macdonald: Honourable senators, I might remind the honourable senior senator from Winnipeg that on a number of occasions when he was Leader of the Opposition and I was Leader of the Government the Senate amended Government legislation. That 1919 incident was not unique.

Hon. Mr. Haig: That is different. I am not talking about amending legislation, but about refusing to pass it.

Hon. Mr. McKeen: Would the honourable senior senator from Winnipeg permit a question? I would like to ask whether he thinks that action by the Senate was good or bad.

Hon. Mr. Haig: The Senate performed a perfect act by doing that.

On motion of Hon. Mr. Horner, debate adjourned.

BANKING AND COMMERCE COMMITTEE

On the motion to adjourn:

Hon. Mr. Aseltine: Honourable senators, I would remind members of the Standing Committee on Banking and Commerce that there will be a meeting of that committee immediately after the Senate adjourns.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(*See p. 722*)

FEDERAL GOVERNMENT CONTRIBUTIONS TO EDUCATION

INQUIRY BY HON. MR. WALL:

1. What has been the total contribution of the Federal Government to all forms of education in Canada during the fiscal year ending March 31, 1959? It is requested that these expenditures be listed under the following headings:

—University grants, on a *per capita* basis

—Veterans Assistance
(*a*) University
(*b*) Vocational

—Atomic Energy Research grants

—National Research Council
(*a*) Research grants
(*b*) Scholarships, bursaries, assistantships
(*c*) Special activities
(*d*) Travel assistance

—Fisheries Department
(*a*) Research Board scholarships and grants
(*b*) Extension work on Co-operatives

—External Affairs:
fellowships and scholarships overseas

—Labour Department
(*a*) Vocational training
(*b*) Frontier College

—Mines and Technical Surveys
(*a*) Grants in aid of Geological research
(*b*) Grants—University of British Columbia—in aid of research in foreign geography

—National Health and Welfare Department
(*a*) Health facilities—Training grants
(*b*) Schools of social work
(*c*) Development of training facilities, bursaries and refresher courses

—Contributions to education by other Crown corporations
(*a*) Central Mortgage and Housing
(*b*) Others

—Transport Department
(*a*) Grants to schools of navigation and seamanship
(*b*) Contribution toward operation of marine engineering schools

—Contributions to education of Indians and Eskimos
(*a*) Indians
(*b*) Eskimos

—Additional contributions to education by federal Government departments or agencies not listed above

2. What are the estimated total contributions of the federal Government to all forms of education in Canada for the fiscal year ending March 31, 1960, under categories given in Question 1?

The following is the answer insofar as it concerns the

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

1. Contributions to education of Indians:—

	Expenditures 1958–59	Estimate 1959–60
	$21,980,183.14 *	$25,097,354.00

2. Additional contributions to education.

CITIZENSHIP BRANCH

(*a*) Grants to provinces in support of citizenship and language instruction costs for immigrants..	248,062.19 *
(*b*) Cost of language text purchased for free distribution	125,055.00 *
(*c*) Grants to universities	
(i) National Conference of Canadian Universities (Hungarian program)	1,500.00
(ii) University of Toronto (Mr. W. J. Morris, research)	2,000.00
(iii) University of Alberta (Linguistics seminar)	1,777.90
(iv) University of Toronto (Linguistics seminar)	476.00

(* These figures are subject to change on final audit)

IMMIGRATION BRANCH

Contribution to the University of British Columbia on behalf of the Sopron Forestry Faculty	84,000.00

The following is the answer insofar as it concerns the

DEPARTMENT OF DEFENCE PRODUCTION

	Actual Expenditure 1959	Estimated Expenditure 1960
Department of Defence Production	Nil	Nil
Crown Assets Disposal Corporation	Nil	Nil
Canadian Arsenals Limited	Nil	Nil
Canadian Commercial Corporation	Nil	Nil
Defence Construction (1951) Limited	Nil	Nil
Polymer Corporation Limited	$9,750	$30,750

The following is the answer insofar as it concerns the

DEPARTMENT OF EXTERNAL AFFAIRS

1. By February 28, 1959, $37,289.22 has been paid in stipends and travel expenses to complete the obligations initiated in the preceding fiscal year under the Canadian Government Overseas Awards program, which was not renewed for the 1958-59 fiscal year.

2. None.

The following is the answer insofar as it concerns the

DEPARTMENT OF FINANCE

1. University grants—$ 25,522,500

2. University grants—$ 26,221,500

The following is the answer insofar as it concerns the

DEPARTMENT OF FISHERIES

(*a*) Research Board scholarships and grants

(*b*) Extension work on Co-operatives

1958–59	Amount voted	Amount spent to Feb. 28/59
(*a*)	$ 25,000	$ 28,840
(*b*)	$ 90,000	$ 73,262

1959–60

Provided for in 1959-60 Estimates:

(*a*)	$ 25,000
(*b*)	$ 90,000

The following is the answer insofar as it concerns the

DEPARTMENT OF LABOUR

1. The total disbursement of the Federal Department of Labour to all forms of education in Canada for the fiscal year 1958-59, as of March 31, 1959, was

   (*a*) Vocational training (Payments to the provinces) ..... $ 4,480,306

   (*b*) Frontier College ..... $ 8,000

2. The estimated total contribution of the Department of Labour to all forms of education in Canada for the fiscal year ending March 31, 1960, will be for

   (*a*) Vocational training (Payments to the provinces) ..... $ 9,525,700

   (*b*) Frontier College ..... $ 10,000

The following is the answer insofar as it concerns the

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

1. (*a*) $50,000 to March 18, 1959
   (*b*) $ 3,500 to March 18, 1959

2. (*a*) $50,000 to March 31, 1960
   (*b*) $ 3,500 to March 31, 1960

The following is the answer insofar as it concerns the

DEPARTMENT OF NATIONAL DEFENCE

ADDITIONAL CONTRIBUTIONS TO EDUCATION

1 and 2.	1958–59	1959–60
(*a*) Fellowships	$ 11,075	$ 10,000
(*b*) Grants in aid of research	$ 1,414,115	$ 1,546,990
(*c*) Expenditures related to the education of dependents of Service and DRB personnel including teachers' salaries, books and supplies, non-resident school fees, construction costs, assistance or rental of school buildings and sundry school operating expenses (estimated)	$ 7,791,077	$ 10,333,976

The following is the answer insofar as it concerns the

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

1. Fiscal year ended March 31, 1959—
   (a) & (c) Under the terms of the National Health Program, federal assistance toward the cost of bursaries, refresher courses and the development of new or extended training facilities for health personnel amounted, under the Professional Training Grant, to ..... $ 462,060 (not final)
   and under the other Health Grants to ..... $ 1,725,160 (not final)

   (b) ..... Nil

   Federal expenditures on health and welfare educational materials including publications, films, filmstrips, radio programs, displays, posters and other visual material totalled ..... $ 467,952 (not final)

   Costs of the Civil Defence College which trains Civil Defence personnel in the development of Civil Defence plans and techniques and instructors for local Civil Defence authorities totalled ..... $ 852,078 (not final)

2. Estimated expenditures for fiscal year ending March 31, 1960:—
   (a) & (c) Under the terms of the National Health Program, federal assistance toward the cost of bursaries, refresher courses and the development of new or extended training facilities for health personnel is, under the Professional Training Grant, expected to total ..... $ 198,860
   and under the other Health Grants ..... $ 1,498,235
   (b) ..... Nil

   Federal expenditures on health and welfare educational materials including publications, films, filmstrips, radio programs, displays, posters and other visual material are expected to total ..... $ 550,000

   Costs of the Civil Defence College which trains Civil Defence personnel in the development of Civil Defence plans and techniques and instructors for local Civil Defence authorities are expected to total ..... $ 811,000

The following is the answer insofar as it concerns the

NATIONAL LIBRARY

The answer to this question will vary, depending upon the way in which the word *education* is defined.

The National Library gathers books and other library materials that, with certain exceptions, are available for the use of scholars anywhere in Canada; it maintains a union catalogue that enables scholars and others to locate books that are in any one of 130 libraries in the ten provinces; it compiles and publishes a monthly catalogue of new publications that relate to Canada, and also publishes other bibliographies and check-lists. If these activities are deemed to be educational, virtually the whole of the appropriations made available to the Library may be considered to be an expenditure on education.

If, on the other hand, a more formal definition is intended, few of the activities of the National Library could be termed educational. It offers no courses of study or instruction, and has no direct relationship with any educational institutions.

The following is the answer insofar as it concerns the

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

1. Additional Contributions

   (a) Grant to the Arctic Institute of North America, a non-profit organization established to encourage and support scientific research in the arctic regions ..... $ 10,000

   (b) Grants to assist postgraduate work of special northern significance 9,678

   (c) Contracts for postgraduate work of special northern significance 6,140

   (d) Salaries to university postgraduate research workers employed during the summer on a seasonal basis 5,870

Indians and Eskimos

There is no detailed accounting kept for expenditures on behalf of Indians and and Eskimos; however, during the fiscal year 1139 Eskimos and 898 Indians are being educated at approximately	$ 6,500,000

2. Additional Contributions. Estimated Expenditures for 1959–60

(*a*) Grant to the Arctic Institute of North America, a non-profit organization established to encourage and support scientific research in the arctic regions	10,000
(*b*) Grants to assist postgraduate work of special northern significance	5,000
(*c*) Contracts for postgraduate work of special northern significance	15,000
(*d*) Salaries to university postgraduate research workers employed during the summer on a seasonal basis	4,890

Indians and Eskimos. Estimated Expenditures for 1959–60

Estimated expenditures for education of Indians and Eskimos for the fiscal year 1959–60	$ 9,900,000

The following is the answer insofar as it concerns the

PUBLIC ARCHIVES

The answer to this question will vary, depending upon the way in which the word *education* is defined.

The Public Archives furnishes historical information to many individuals, provides research facilities for historians and others, and gathers documents, pictures, maps, etc., relating to the history of Canada. If these activities are deemed to be educational, a substantial proportion of the appropriation of the department may be considered to be an expenditure on education.

If, on the other hand, a more formal definition is intended, very few of the activities of the Archives could be termed educational. It offers no courses of study or instruction, and has no affiliation or direct relationship with any educational institution. However, the department does furnish copies of documents, pictures, maps, etc., to teachers, and many of these are used for classroom exhibits and for other instructional purposes.

The following is the answer insofar as it concerns the

ROYAL CANADIAN MOUNTED POLICE

1. No direct contributions have been made to any forms of education but tuition fees have been paid for certain members of the Force attending universities and also payment of school fees for children of members of the Force stationed in the Yukon:

University Courses	$ 10,402
School Fees	1,350
Total	$ 11,752

2. University Courses for members of the R.C.M.Police	$ 9,205
School Fees	1,350
	$ 10,555

The following is the answer insofar as it concerns the

DEPARTMENT OF TRADE AND COMMERCE

National Research Council

Forecast of expenditures for fiscal year ending March 31, 1959

(*a*) Research grants to university professors	$ 4,365,620
(*b*) Scholarships for graduate students	1,045,579
(*c*) Special activities (Assoc. Committee support in the universities, scientific internat. affiliations, etc.)	298,454
(*d*) Travel assistance for professors and students	40,000
	$ 5,749,653

Supplementary answer presented on June 16, 1959 (See p. 805):

Estimated expenditures for fiscal year ending March 31, 1960

(*a*) Research grants to university professors	$ 6,169,825
(*b*) Scholarships for graduate students	1,353,300
(*c*) Special activities (Assoc. Committee support in the universities, scientific internat. affiliations, etc.)	371,185
(*d*) Travel assistance for professors and students	52,000
	$ 7,946,300

Atomic Energy of Canada Ltd.

Atomic Energy Research Grants

Atomic Energy of Canada Limited does not make any direct contributions to education. It does enter into contracts with universities for research on specific subjects.

Atomic Energy Control Board

Atomic Energy Research Grants

During the fiscal year ending March 31, 1959, this amount was $400,000, and the estimated amount for the fiscal year ending March 31, 1960, is $650,000.

The following is the answer insofar as it concerns the

DEPARTMENT OF TRANSPORT

1. Transport Department—

(*a*) Grants to schools of navigation and seamanship, fiscal year ending March 31, 1959	$ 11,126
(*b*) Contribution toward operation of marine engineering schools, fiscal year ending March 31, 1959	$ 36,350

National Harbours Board—

Annual grant to the Province of Manitoba for the purpose of defraying a portion of the cost of operating and maintaining the school at Churchill, Manitoba, fiscal year ending March 31, 1959	$ 6,000

2. Transport Department—

(*a*) Grants to schools of navigation and seamanship, fiscal year ending March 31, 1960, estimated	12,935
(*b*) Contribution toward operation of marine engineering schools for fiscal year ending March 31, 1960, estimated	30,000

National Harbours Board—

Annual grant to the Province of Manitoba for the purpose of defraying a portion of the cost of operating and maintaining the school at Churchill, Manitoba, fiscal year ending March 31, 1960	6,000

The following is the answer insofar as it concerns the

DEPARTMENT OF VETERANS AFFAIRS

1958-59

1. University grants	None	
Veterans assistance		
(*a*) University	$ 81,000	(estim.)
(*b*) Vocational	56,200	"
Additional contributions to education not listed above—		
Training under Children of War Dead (Education Assistance) Act.	310,000	"

1959-60

2. University grants	None	
Veterans assistance		
(*a*) University	49,000	"
(*b*) Vocational	55,000	"
Additional contributions to education not listed above—		
Training under Children of War Dead (Education Assistance) Act.	481,000	"

The following is the answer insofar as it concerns the

CENTRAL MORTGAGE AND HOUSING CORPORATION

(1) Expenditures made by Central Mortgage and Housing Corporation for education in Canada for the period April 1, 1958 to March 31, 1959	$ 27,568.68
NOTE: These expenditures were recovered from the Minister of Public Works under Part V, N.H.A. 1954.	
(2) Estimated expenditures by the Corporation for education in Canada for the period April 1, 1959 to March 31, 1960	$ 8,000.00

THE SENATE

Thursday, June 4, 1959

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

Prayers.

NATIONAL ENERGY BOARD BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-49, to provide for the establishment of a National Energy Board.

Bill read first time.

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

Hon. Mr. Aseltine: Honourable senators, with leave of the Senate, I move, seconded by the Honourable Senator Haig, that this bill be placed on the Order Paper for second reading at the next sitting of the Senate.

Motion agreed to.

APPROPRIATION BILL NO. 4

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-53, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1960.

Bill read first time.

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

Hon. Mr. Aseltine: Honourable senators, with leave of the Senate, I would move that this bill be read the second time now. In that connection I would like to say that we have done our best to have copies of the bill available for senators. The Clerk has about 24 copies for distribution for any senator who requires them. I have had a copy since yesterday and the honourable Leader of the Opposition (Hon. Mr. Macdonald) also has had a copy.

Hon. Mr. Crerar: I think we all should have a copy of the bill before we proceed to discuss it.

Hon. Mr. Aseltine: There are 24 copies ready for distribution.

Hon. Mr. Crerar: But where are they?

66972-1—47½

Hon. Mr. Macdonald: May I ask the honourable leader if he expects to have further copies shortly?

Hon. Mr. Croll: Let it stand over for half an hour.

Hon. Mr. Aseltine: I understand copies are on their way here now from the printing bureau.

Hon. Mr. Macdonald: Let it stand over until later.

Hon. Mr. Aseltine: Adopting the suggestion of the Leader of the Opposition (Hon. Mr. Macdonald, would it be in order if I moved second reading of this bill later this day, after the copies are received?

Hon. Senators: Agreed.

Hon. Mr. Macdonald: Honourable senators, may I ask a question of the Leader of the Government? Does he anticipate that if the interim supply bill is given third reading and is passed by this chamber today there will be a royal assent later this day?

Hon. Mr. Aseltine: The plan is to have a royal asssent possibly at 5.45 this afternoon, if the supply bill is passed.

Hon. Mr. Crerar: Honourable senators, I really do think this is a remarkable way to proceed. Here we have an interim supply bill which involves some $600 million. I suggest to the Leader of the Government that we should have a little more time to look into the items.

Hon. Mr. Aseltine: This is the usual supply bill which provides for one-sixth of the main estimates, and different proportions of certain other items.

Hon. Mr. Crerar: I understand that.

Hon. Mr. Aseltine: But I think we should let that matter stand for the moment.

The Hon. the Speaker: Stand.

RESTAURANT OF PARLIAMENT

CHANGE IN MEMBERSHIP OF JOINT COMMITTEE

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

That the name of the Honourable Senator Reid be substituted for that of the Honourable Senator Howard on the list of senators appointed to serve on the Joint Committee of both Houses of Parliament on the Restaurant; and that a message be sent to the House of Commons to inform that house accordingly.

Motion agreed to.

FREIGHT RATES REDUCTION BILL

MOTION FOR SECOND READING—
DEBATE ADJOURNED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Hnatyshyn for the second reading of Bill C-38, to make provision for the reduction of certain class and commodity rates on freight traffic.

Hon. R. B. Horner: Honourable senators, I assure you I will not detain you at any great length. I am in a rather difficult position, because yesterday the honourable senator from Churchill (Hon. Mr. Crerar) made the speech I had intended to make this afternoon on freight rates, and on the possibility that the Crowsnest Pass rates may be profitable.

We heard a very fine address from the honourable senator from Northumberland-Miramichi (Hon. Mr. Burchill), but for the life of me I cannot see why he would wish to place a burden on Saskatchewan or other western provinces because he feels the Maritimes work under some difficulty, unless he believes in the old saying that misery likes company. I sympathize with him, but for as long as I can remember I have heard of the subsidy on the coal hauled from the Maritimes, which amounts to a great many millions of dollars, and also of the Maritimes Freight Rates Act, and that sort of thing.

The honourable senator from Inkerman (Hon. Mr. Hugessen), in his very fine address, mentioned that the Crowsnest Pass rates might not be realistic in these modern days, having regard to the advance in the costs of operation. But, honourable senators, let us look at the other side of the picture. I do not think any honourable senator has paid for more freight miles on livestock than I have. I can remember when it took sixteen days for a carload of horses to travel from Pontiac to Blaine Lake. If it was done in fourteen days I thought I was doing really well, but it sometimes took sixteen days. Today, because of heavier steel and better roadbeds, the journey can be done in a much shorter time. In those days we were often delayed for hours. The trainmen would watch for a great light on the side of the train which indicated that the old-fashioned axle-boxes had gone on fire. There would be flames bursting forth, and the train crew would have to get off and pour on water.

Those box cars have been increased in size. They are fitted with Timken bearings. Huge diesel engines haul very long trains and, as the honourable senator from Churchill suggested, our flat plains in the West are ideally suited for the hauling of very long trains. That is the other side of the picture. While costs and wages have increased, modern equipment has made it possible for the railways to operate more cheaply.

Honourable senators, we have a committee which is studying inflation, which we are worried about. We are also worried about the threat that the cold war will not turn into a war with armaments but into an economic war. For the life of me I cannot imagine any other country suffering as much as Canada would from an economic war. Canada is in a very difficult position. There are great areas of the country over which grain, for instance, has to be hauled. The products of the Maritimes also have to be hauled over long distances. This is a vast country. We are faced with economic competition which may be greater than any we have had to face in the past. As far as our railways are concerned, I have always maintained that we should render unto Caesar the things which are Caesar's; in other words, that the railways should be allowed to handle all freight traffic that they are really entitled to handle. I well remember that a few years ago the honourable senator from Inkerman (Hon. Mr. Hugessen) warned we may have been passing here legislation that would remove from the federal Government the right to control interprovincial trade. I was certainly opposed to it if it had any such implication.

I am an advocate of safety on our highways. I have mentioned before in this chamber an experience I had in 1949 when I encountered seven or eight huge vans on what seemed to me to be a very narrow road between the Head of the Lakes and Winnipeg. Our two transcontinental railways operate fairly close together in this area but carry very little traffic, yet we find huge motor vans, almost the size of railway box cars, crossing the Ontario-Manitoba border. If all that freight business were given to the railways there would be no problem of loss of revenue to the railways. As far as the economic aspect is concerned, the truck drivers would be employed at doing something else.

Hon. Mr. Macdonald: This is a form of planned economy, I take it.

Hon. Mr. Horner: Not particularly. It is just a matter of common sense. For one thing, it is a matter of public safety on our highways. The railway companies have built and maintained their roads, but our highways are becoming clogged with huge transports. Just recently we read in the press of difficulties encountered by Canadian truckers carrying cargo over American highways. Many honourable senators are familiar with the amazing story of the silk trains of years ago. Even

in those days the speed at which they transported their goods from Vancouver to New York was amazing. I remember seeing one time a huge Canadian transport lying upset on the other side of Duluth and its cargo spilled all over the highway. It looked to me as though the driver had fallen asleep at the wheel and, naturally, without any rails to hold it, the truck had gone off the road in a great smash-up. Well, I suppose insurance would cover the loss, but all that adds to the costs and deprives the railways of business. Just recently we learned that the Trans-Canada Highway, before it is even completed, will have to be enlarged. Why? Because it will have to accommodate a lot of traffic that I maintain should be handled by the railways.

Hon. Mr. Macdonald: Why?

Hon. Mr. Horner: Because the railways are absolutely essential to our grain growing provinces of western Canada. It is essential that we have a freight rate that will enable us to compete with other countries in the export of grain. The railways are necessary to our economy and they should be given this freight business that rightfully belongs to them, and the highways should be left for the purpose for which they were designed, passenger car travel. The highways should not be allowed to become cluttered with trucks and transports that present a great danger to passenger vehicles.

Our railways now have a "piggy-back" service. In England there are what they call luggage vans, which are somewhat smaller than our box cars. I recall being in the marshalling yard in Liverpool when a huge crane moved several of these vans in a few minutes' time. It just picked them up and put them on trucks. I suppose they would be delivered around the town, brought back and set on the rails again. I know of no better way of possibly preventing inflation than by eliminating unnecessary duplication of transportation services. We have instances of such duplication in Saskatchewan. For example, the Canadian Government railway between Saskatchewan and Regina decided to run what is called a dayliner, a very fast train, one running in the morning and another at night. The Saskatchewan Government, which is in the bus transportation business as well as the railway business, put on buses to run at the identical times that the dayliner runs. So you have the people's bus line and the people's railroad operating side by side. I have been in a railway passenger car that was only half full, and at the same time a bus would be travelling in the same direction along the highway with only a few people in it. The same things occur in the northern part of the province. Now, cross-country service is absolutely necessary, even to the point of subsidizing freight or a bus system. Of course, under a system of free enterprise we are somewhat handicapped, but I cannot imagine that sort of thing happening in some other countries with which we are forced to compete.

Hon. Mr. Beaubien: Do you think it would be better if we had a socialized state?

Hon. Mr. Horner: I did not say so.

Hon. Mr. Beaubien: No.

Hon. Mr. McKeen: Would you suggest that we use bus lines and close down the railroads?

Hon. Mr. Horner: You could only do that in a socialized state.

The honourable senator from Waterloo (Hon. Mr. Euler) made a remark the other day to the effect that the road to Churchill is a white elephant.

Hon. Mr. Euler: No. Excuse me. I mentioned the Saskatchewan dam as a white elephant, not the road to Churchill.

Hon. Mr. Horner: Oh, I beg your pardon. However, I should mention that the road to Churchill was all paid for by lands set aside by the West. Other parts of Canada were not taxed for construction of that road.

So far as the Crowsnest Pass agreement is concerned, there were millions of dollars contributed to the C.P.R., as well as an additional grant of land, which I think extended some 25 miles on either side of the railway through the pass. Honourable senators, I sincerely hope we shall not hear any more of tampering in any way with the Crowsnest Pass agreement, unless of course the rates are lowered. That is the only proposition I would be in favour of, and I hope there will be no proposal to raise the rates.

Hon. Thomas Reid: Honourable senators, in rising to participate in this debate, may I say at the outset it is not my intention to discuss at this time the entire freight rate structure. As honourable senators who have spoken before me have stated, these are matters for discussion either before a commission or in committee. However, I did take the time to look up a splendid report, which I would advise honourable senators to look at. This report resulted from a discussion in a House of Commons committee in 1922, when the question of the Crowsnest Pass rates was fully discussed. It may interest honourable senators to know that among the members of that committee were the present honourable senators from Waterloo (Hon. Mr. Euler) and Churchill (Hon. Mr.

Crerar), and that the senior honourable senator from Ottawa (Hon. Mr. Lambert) appeared before the committee. I found the discussion extremely interesting indeed. The report contains nearly all the facts of the Crowsnest Pass agreement.

Honourable senators, I particularly rose to my feet on account of a statement made by the honourable member from Northumberland-Miramichi (Hon. Mr. Burchill), who told about the way his province of New Brunswick had been treated. After hearing him I felt that I should get up and speak of a worse situation, namely, the treatment of British Columbia as a result of the Crowsnest Pass rates.

Hon. Mr. Brunt: British Columbia is the most prosperous province in Canada.

Hon. Mr. Reid: Well, we can be thankful for the ingenuity of our people and the resources that God gave us for our prosperity, because we developed British Columbia despite the eastern provinces of Ontario and Quebec. As a matter of fact, I remember that at one time—and I quoted this before a commission—we were buying $50 million worth of goods from Ontario, whereas in the same year Ontario only bought something like $4½ million from British Columbia. We recognized in those days that we need not look to the central provinces for any help in the development of British Columbia. And we are somewhat proud we developed despite Ottawa.

Honourable senators, I do not want to digress—not but that I sometimes enjoy it, but I would prefer to keep to the points I wish to discuss.

It is not generally known that besides the $25 million, there were 25 million acres of land granted to the C.P.R. toward the building of a branch line, shall I say, into the Crowsnest Pass. There probably are many senators who think there is just the main line into British Columbia, but that is not so. One of the things that tempted the C.P.R. to build into the Crowsnest Pass was the supply of coal and minerals, and later, following the building of the railway, the coal mines started up, as did also the Trail smelter. I would not say the Trail smelter is under the jurisdiction of the C.P.R., but the C.P.R. has a large financial interest in it; it is looked upon as partly at least belonging to the C.P.R. May I point out to honourable senators that British Columbia is the only province in Canada that contributed beyond what the dominion Government contributed toward the building of the Crowsnest Pass railway. I want to make that clear. The province of British Columbia gave 12 million acres, plus 3½ million acres in the Peace River country. Actually British Columbia gave a grant of 3,755,733 acres in the Peace River country including 50,000 acres of coal lands. In that district the mountains were mineralized, and the C.P.R. obtained some wonderfully rich coal seams.

I was rather interested to find that there was a violation of the agreement with the dominion Government in regard to this coal, and it is a very interesting story. The agreement in connection with 50,000 acres of coal lands stated that coal had to be delivered at the pithead mouth for the general public at $2 per ton. That, I realize, was many years ago. But nowadays some people are so afraid of violating the Crowsnest Pass agreement that they seem to think the Crowsnest Pass rates are on the same level as acts of God and you dare not interfere with them lest disaster ensue.

Be reminded that the dominion Government overlooked that agreement on coal. I don't say they should now be held to it, but it was a definite agreement written into the laws of this country providing that coal had to be sold to the public of British Columbia at $2 per ton, and that agreement was allowed to disappear after a few years.

In British Columbia our great fight with the railways is based on the fact that after granting those gifts—and I repeat that no other province has contributed as much to the Canadian Pacific Railway—we later found and still do find ourselves paying an exorbitant rate on grain shipped to British Columbia for domestic use, compared with the rate charged on grain hauled to British Columbia for export to outside countries. On grain for use in British Columbia the present rate from Calgary or Edmonton to Vancouver is 78 cents per 100 pounds. If that is a fair rate, what can be said about the rate of 20 cents per 100 pounds which is charged on grain shipped in the next car on the same train going from Calgary to Vancouver for export? I remember appearing before the Board of Transport Commissioners—it is true it was in the tough days of 1930 to 1935—and there showing by the bills of lading that we were able to buy Canadian-grown wheat from Japan and bring it back into the Fraser Valley cheaper than we could buy it direct from Calgary or Edmonton.

Hon. Mr. Macdonald: But it was not as good as Canadian wheat?

Hon. Mr. Reid: It was Canadian wheat.

Hon. Mr. Brunt: What grade of wheat was it?

Hon. Mr. Reid: Grade 4 or 5. But it costs the same to haul grade 1 as grade 5 or even grade 10. That question of grade has no bearing. We could have bought No. 1 or No. 2

wheat if it had been shipped out to those countries, but Japan and China at that time were buying wheat of a cheaper grade for their citizens.

We have long suffered that great injustice without any redress. British Columbia has spent hundreds of thousands of dollars in appearances before the Board of Transport Commissioners. That board was set up with a view to protecting ordinary citizens from exploitation by the Canadian Pacific Railway, but over the past number of years I have come to the conclusion that the board seemed to be favouring the railways and paying little attention to appeals of ordinary citizens. And I may say that a similar course of action seems to be followed by many such commissions. They were set up under proposed good auspices and with good intent to protect the public, but after a while they come to preserve the vested interests and so the Canadian people seem to be entirely ignored.

I come back to this rate of 20 cents per 100 pounds. If the railways are making a profit out of carrying grain at this rate, or if the rate is enough to charge for transporting this grain from Calgary or Edmonton to the British Columbia coast, then we are being soaked to the limit when charged 78 cents per 100 pounds on wheat being transported the same distance on the same train and sometimes, mark you, in the same car. I repeat that the grain we buy for use in British Columbia is transported at a rate of 78 cents per 100 pounds, but if the grain is going to some overseas country the rate to Vancouver is 20 cents per 100 pounds. Do you wonder that we feel bitter at the great injustice that is being done to us?

Hon. Mr. Haig: Will the honourable senator permit a question? If there had been no Crowsnest Pass rates agreement would everybody have had to pay the rate of 78 cents per 100 pounds? That is the regular rate set by the commission, is it not?

Hon. Mr. Reid: I do not know the answer to that question and neither do you. The 78-cent rate is an arbitrary rate, based on what the traffic will bear. The railways are not able to tell you whether 78 cents is ample or not enough to pay the costs. You heard a senator suggest here yesterday that the railways could make it pay at a 20-cent rate. Well, we might have a rate of 40 cents or 50 cents per 100 pounds. What we want is equality with the rest of Canada, and after what we have given to the railways we think it is coming to us, but so far we have not got it.

Hon. Mr. Higgins: Would the honourable senator say who set the rate of 78 cents, which he described as an arbitrary rate?

Hon. Mr. Reid: The railways set the rate, not the Board of Transport Commissioners. And may I say to the honourable senator from St. John's East (Hon. Mr. Higgins) we could not carry on today were it not for the fact that the Government gives us, as it gives every other province, a grant to help out on domestic freight charges. I think that so far the Government has paid out for assistance in the payment of freight charges on shipments of feed grain approximately $300 million.

Hon. Mr. Brunt: That is on feed grain?

Hon. Mr. Reid: Yes. We could not carry on were it not for those payments.

Hon. Mr. Brunt: That is on shipments of livestock feed, not of grain for human consumption.

Hon. Mr. Reid: Grain for livestock feed, yes. It is probably wheat from No. 4 grade down which receives that assistance.

I contend, but the honourable senator from Blaine Lake (Hon. Mr. Horner) might dispute it, that the three Prairie provinces have been long subsidized and are still being subsidized by receiving this 20-cent rate on their grain shipped abroad.

Hon. Mr. Horner: No.

Hon. Mr. Reid: You are from the Prairies and naturally you would champion that 20-cent rate, but if the railways are losing money and we are now contributing millions to them from the finances of the country as a whole, the country is certainly subsidizing a considerable portion of the cost of moving the wheat.

Hon. Mr. Horner: May I ask the honourable senator a question? Have you ever heard of lower rates on quantity shipments? The little bit of grain that you need in British Columbia does not amount to anything, but we ship out enormous quantities to foreign markets.

Hon. Mr. Reid: I know. You are exporting about 200 million bushels through the port of Vancouver on which the rate from the Prairies to Vancouver is 20 cents per 100 pounds, against 78 cents per 100 pounds on grain on the same train and maybe in the same car consigned to British Columbia. Can you explain that to me?

Hon. Mr. Haig: The honourable senator has not answered my question yet.

Hon. Mr. Reid: I did answer it. I try to answer all questions. I have never yet refused to answer a question in all the time I have been in Parliament.

Hon. Mr. Haig: My question is this: If there were no Crowsnest Pass rates agreement everybody would be paying the rate of 78 cents per 100 pounds as fixed by the commission, is that not right?

Hon. Mr. Reid: I do not think so. That rate is fixed by the railways, subject to approval by the Board of Transport Commissioners. Anybody can appear before that board and appeal against the rate.

Hon. Mr. Haig: I would say that your province is the greatest appealer of all. What would the rate be if there were no Crowsnest Pass rates agreement?

Hon. Mr. Reid: I don't know. I may say this to the honourable senator, that the railways themselves, when they with their counsel and staff have been before the Board of Transport Commissioners, have repeatedly been asked how much it costs them to haul that grain, and they have come forward and said "We can't tell you." Now, for the honourable senator to ask me if a certain figure is adequate—

Hon. Mr. MacDonald: That is a compliment.

Hon. Mr. Reid: He cannot expect me to answer the question when the railways themselves can't tell us how they arrive at the rate of 78 cents which we now pay.

I hope the Prime Minister will make a definite statement regarding the commission that is now being set up to investigate the railways. Many people in this country believe that the commission will have no power to look into the question of freight rates on grain, and I am one of those who, in company with others, have said that an investigation of the railway situation will be a kind of farce unless the commission goes into the grain rates, especially the Crowsnest Pass rates.

I am on fairly sound ground on that statement. Let me support it by quoting an editorial from a recent copy of the *Financial Post*:

> Ottawa has intimated that it will exclude the Crowsnest Pass grain rates from the field to be investigated by the royal commission on railway transportation and freight rates.
>
> This seems to be an unrealistic limitation to the scope of the probe.
>
> Grain represents about one-fourth of all the railway freight traffic in Canada. To ignore it is about the same as telling a mechanic to make a complete overhaul of a car but not to touch the engine. As C.P.R. President Crump has said, "When so large a segment of rail traffic is exempt from any and every adjustment in the freight rate structure, distortion is inevitable."
>
> The Crowsnest Pass rates on grain came into force exactly 60 years ago. They have not been changed since. In the meantime railway costs have doubled, trebled and quadrupled. Railways wages in 1899 were only a fraction of what the railways must pay today.

As a matter of interest I looked up the wages that were paid on the railway in those days, and I noted that an engineer got $3.25 a day. That was the going rate in the days when the Crowsnest Pass rates came in.

I continue reading:

> A whole train could have been bought then for little more than a single freight car costs now. And 10 times as much grain must be carried today at these turn-of-the-century charges.
>
> What the railroads lose on carrying grain—and estimates run as high as $200 million a year—they must make up by charging other commodities more. And what has happened? The railways have been left to carry virtually all the grain, but competitors have cut in steadily on the other and profitable business.
>
> "It is impossible for any Royal Commission on railway problems, to ignore the fixed charges on grain and still carry out its assignment," says an Ottawa commentator. He is right. The railway inquiry should get a clear right of way. Half a loaf may be better than none, but half a probe is just about worthless.

Hon. Mr. Hnatyshyn: What is the date of the *Financial Post* from which my friend is reading?

Hon. Mr. Reid: May 30, 1959.

Hon. Mr. Davies: May I ask the honourable senator what is the rate from the Prairie provinces to Fort William?

Hon. Mr. Reid: I don't know what the rate is, but I can tell you that the dividing point on the hauling of grain by rail is a place called Kindersley. That means that grain moving from Kindersley to the Lakehead is carried 1,030 miles; and grain moving from Kindersley west, 1,070 miles. The cost of hauling that grain either east or west for export is 24 cents per 100 pounds.

Hon. Mr. Brunt: The rate charged is 24 cents?

Hon. Mr. Reid: Yes.

Hon. Mr. Brunt: That is not necessarily the cost?

Hon. Mr. Reid: No.

Hon. Mr. Beaubien: May I ask my friend one question? He made a statement a few moments ago that the loss by the railways on the carrying of grain amounted to around $200 million.

Hon. Mr. Reid: That is the estimate, yes.

Hon. Mr. Beaubien: Who made that estimate, the railway companies?

Hon. Mr. Reid: All I can say is that that is the figure according to the article in the *Financial Post*. As I said at the beginning of the last few remarks, I was using their figures. Had I used my own figures, I would have had proof of their source. I quoted the *Financial Post* as a usually reliable source.

Hon. Norman P. Lambert: Honourable senators, I would like for a few moments to discuss this question of the Crowsnest Pass agreement, which was raised yesterday, without prejudice of any kind, regardless of my geographic position or any other factor.

First, may I say that, whatever the newly appointed commission may do, it should attempt to find some answer to the suggestion that the Crowsnest Pass agreement provides an unprofitable traffic for the railways of this country. I think it is a fair statement to make, and a true statement, that up to now no adequate evidence has been adduced at the innumerable investigations that have been held before the Board of Transport Commissioners and elsewhere that that traffic is not profitable to the railways of this country. That is the sixty-four-dollar-question that has to be answered.

I do not think that all the discussion that we may have here about the present condition of the railroads in relation to the application of the Crowsnest Pass agreement will throw very much light on that subject. But, yesterday, during the course of the debate the honourable senator from Inkerman (Hon. Mr. Hugessen)—and I am sorry that he is not here just now to hear what I have to say—made some reference to the Crowsnest Pass agreement, and he was good enough to permit me to ask him a question about rates under that agreement applying to goods shipped westward from eastern Canada. My purpose in rising now is to supply some information; in other words, to answer my own question by supplying some information which neither he nor I had at hand yesterday.

The Crowsnest Pass agreement, in addition to providing special rates on grain and flour eastbound, also made a reduction in the general rates and tolls of the C.P.R., which was the only railway affected at that time, for carloads or otherwise, upon the following classes of merchandise "from and including Fort William and all points east of Fort William on the company's railway to all points west of Fort William on the company's main line, or on any line of railway throughout Canada owned or leased by or operated on account of the company, whether the shipment is by all rail line or by lake and rail". Those commodities included:

—all green and fresh fruits, 33⅓ per cent;
Coal oil, 20 per cent;
Cordage and binder twine, 10 per cent;
Agriculture implements of all kinds, set up or in parts, 10 per cent;
Iron, including bar, band, Canada plates, galvanized, sheet, pipe, pipe-fittings, nails, spikes and horse shoes, 10 per cent;
All kinds of wire, 10 per cent;
Window glass, 10 per cent;
Paper for building and roofing purposes, 10 per cent;
Roofing felt, box and packing, 10 per cent;
Paints of all kinds and oils, 10 per cent;
Livestock, 10 per cent;
Woodenware, 10 per cent;
Household furniture, 10 per cent;
Provided . . . that no higher rates than such reduced rates or tolls shall be hereafter charged by the company upon any such merchandise carried by the company between the points aforesaid; such reductions to take effect on or before the first of January, one thousand eight hundred and ninety-eight.

I think that that information is sufficient to show that there were two sides to the Crowsnest Pass agreement rates, the first applying especially to the grain and flour of western Canada, and the other to that list of commodities from places such as the one where my honourable leader (Hon. Mr. Macdonald) resides, namely, Brantford, which must have derived a great deal of revenue from that new and developing market in western Canada. That condition—

Hon. Mr. Isnor: From which point?

Hon. Mr. Lambert: It is from:

—all points east of Fort William on the company's railway to all points west of Fort William on the company's main line—

That would include, I suppose, the area that the C.P.R. went through in the Maritime provinces.

Hon. Mr. Isnor: It is not likely.

Hon. Mr. Lambert: But it applied to the other roads as well, the Canadian National and others.

In 1935 Parliament made a readjustment, and there is a reference to that in *Hansard* of that time, I am not going to spend much time in dealing with it, but it was a readjustment. Perhaps I may quote from the report of the Turgeon Royal Commission on Transportation, issued in 1951, at page 241:

In 1925 Parliament made a readjustment of these Crowsnest Pass rates by legislation which altered the position of the Canadian Pacific Railway Company in two respects. In the first place the legislation relieved the company definitely of its obligation to maintain reduced rates on certain westbound traffic, and since then the rates on this traffic have been and still are subject only to the authority of the Board of Transport Commissioners.

In the second place the legislation extended the company's obligation respecting eastbound rates on grain and flour by making it apply, not only to traffic moving from points on the company's lines in existence when the contract was made, as was provided in 1897, but to all the company's lines west of Fort William whenever constructed.

This applied to all of the other lines of railway, including the C.P.R. in western Canada, after 1925.

Before this legislation was passed by Parliament in 1925 the Government had given a

direction to the Board of Railway Commissioners, through Order in Council P.C. 886, to investigate the rate structure of the railways of Canada in order to bring about equalization of rates between persons and localities "under substantially similar circumstances and conditions". This wide field of investigation and action opened up to the board under this Order in Council was limited only by the exclusion from it of the Crowsnest Pass rates on grain and flour, and that instruction, of course was reflected in the legislation which I have just mentioned when the amendment to the act finally came before Parliament.

A similar direction was expressed to the Board of Transport Commissioners in 1948, in Order in Council P.C. 1487, which was a directive to inquire into the same field as was indicated in the earlier Order in Council.

Therefore, it is not surprising that the same exception is made in connection with this legislation where the Crowsnest Pass rates on grain and flour, and also the Maritime Freight Rates Act, are exempted from the proposed adjustment of certain class and commodity rates.

Many arguments have been heard over the years before the Board of Transport Commissioners and in Parliament regarding this Crowsnest Pass agreement and, as I have already said, no adequate evidence has yet been presented to prove that the traffic carried by the railways under the agreement has not been profitable. As a matter of fact, a young gentleman named Mr. Hugh Horner, member of Parliament for Jasper-Edson, dealt effectively with this matter in a speech in the other place on May 18. It is to be found in *Hansard* at pages 2756-57.

Referring to the annual report of the Department of Transport for 1957, Mr. Horner found that the Hudson Bay Railway in that year produced a surplus of $34,000 before depreciation and interest on investments. It handled 660,000 tons of freight, 78 per cent of which was wheat for export—that is to say, wheat moving under Crowsnest rates—and 46,000 passengers making up the balance of the traffic for the Hudson Bay Railway that year. He stated:

> We are not being subsidized in western Canada because of the Crowsnest Pass rates at the present time. If the Hudson Bay Railway, with obsolete track and poor equipment, can make out-of-pocket expenses, then surely the Canadian Pacific Railway is making out-of-pocket expenses hauling our grain where they have a massive tonnage and where its equipment and lines are in much better condition.

Hon. Mr. MacDonald: What about the C.N.R.?

Hon. Mr. Lambert: I will cover that point. Mr. Horner added that the same situation prevailed on the Northern Alberta Railway, which serves an agricultural area in northwestern Alberta and handles a great deal of grain traffic. That is an area where the C.N.R. is represented, as well as the C.P.R.

The Crowsnest rates represent, of course, one side of a bargain into which the C.P.R. entered voluntarily. The railway is anxious, according to the evidence that has been adduced at various hearings of the Board of Transport Commissioners, to keep the vast revenues which flow to it from the assets turned over to it by the Government of Canada as the other side of the bargain. To justify or support its claim that one part of the agreement should now be wiped out, while the validity of the other is preserved, it contends that the Crowsnest rates have become too burdensome to bear. But it has yet to establish a case that will stand the light of day.

The honourable senator from Churchill (Hon. Mr. Crerar) emphasized that aspect of the problem yesterday when he referred to the vast resources of oil and gas that have been uncovered in western Canada, particularly Alberta and Saskatchewan. From those assets, if they are kept on one side of the ledger, revenues which are not brought into the case at all in relation to the cost of carrying freight, then you have a one-sided picture which, I am quite sure, no fair-minded member of this house or the other house would view with approval.

It is worth while mentioning that in the first place the Crowsnest Pass agreement was passed to enable the railway to build a line from Lethbridge through the Crowsnest Pass to Cranbrook and Nelson. That resulted ultimately in the development of the great mining industry at Trail known as the Consolidated Mining and Smelting Company, which has proven a valuable source of revenue to the railway company which still owns it. I think it is worth while remembering the fact that the Crowsnest Pass agreement rates not only resulted in the agreement which we have been referring to but also in that source of mineral wealth which the railway owns.

In conclusion, I would simply point out that to press a campaign against the Crowsnest Pass rates on grain and flour at this time, as an aftermath of granting a 17 per cent increase in general rates to enable the railways to ingratiate organized labour and prevent a strike, is hardly a fair or logical line of argument to advance in connection with this bill. If the railways of this country can continuously shift their labour problems to the lap of Government and thence to the shoulders of the Canadian taxpayers, we have indeed reached an era of special privilege in

this country. To me this is the nub of the question, and not the Crowsnest Pass agreement.

On motion of Hon. Mr. Euler, debate adjourned.

APPROPRIATION BILL NO. 4

SECOND READING

Hon. W. M. Aseltine moved, with leave, the second reading of Bill C-53, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1960.

He said: Honourable senators, I understand that copies of this bill have been distributed for some time, and in view of what I stated earlier this afternoon I take it that I may proceed to explain the bill now.

This is the usual interim supply bill introduced from time to time. On some occasions a month's supply is voted and on other occasions the amount voted covers two months' supply. It is not usual to vote at any one time supply that will last longer than 60 days.

The purpose of this bill is to vote money for the public service for the financial year 1959-60, and in particular for the months of June and July. The total main estimates for the fiscal year 1959-60, as honourable senators know from the Blue Book, amount to $6,296,336,356.

Hon. Mr. Euler: Does that amount include the supplementaries?

Hon. Mr. Aseltine: No. On Monday last supplementary estimates were distributed, and I tabled a copy of them on Tuesday. All honourable senators have a copy. They amount to $120,529,834. It is usual to make up the estimates in October and November of each year but frequently it is found that when Parliament assembles and matters are gone into in more detail, certain supplementary estimates have to be provided for.

Hon. Mr. Euler: Has it ever happened that they were over-estimated in the first place?

Hon. Mr. Aseltine: I am not aware of that, and I cannot very well give my honourable friend an answer. However, I will say this, that the total of the main estimates, plus the supplementary estimates, amounts to $6,416,866,190. Of that amount, $2,655,713,285 is statutory. The remainder, $3,761,152,905, requires to be voted.

The previous supply bill for April and May, which was Appropriation Act No. 2, 1959, provided for one-sixth generally of the main estimates, plus additional proportions of 12 special items to provide for expenditures during the months of April and May. These amounted to $616,654,878.69.

Bill C-53, known as Appropriation Act No. 4, provides for one-sixth generally of the main and supplementary estimates, plus additional proportions of 20 special items to provide for expenditures during the months of June and July. The total is $634,617,069.95. If the amounts of Appropriation Act No. 2 and Appropriation Act No. 4 are added together we obtain a total of $1,251,271,948.63.

Hon. Mr. Euler: May I ask a question? I suppose the information I seek is in the estimates, but can the honourable leader tell us what is the total annual charge by way of interest on the national debt?

Hon. Mr. Aseltine: No, I am afraid I cannot give that information. I was not expecting to be asked that question.

Honourable senators, I would like to deal with this bill in a little more detail. I have already said that it provides for the voting of one-sixth of the items in the main estimates, namely, $606,770,511.84. It also provides for the following: an additional seven-twelfths of Votes 66 and 102, referred to in Schedule A, on page 3 of the bill, amounting to $350,000; an additional one-third of Votes 136 and 263, referred to in Schedule B, on page 4 of the bill, amounting to $824,276.67; an additional one-sixth of Votes 25, 133 and 358, referred to in Schedule C, on page 5 of the bill, amounting to $1,492,983.34 and for an additional one-twelfth of Votes 6, 27, 161, 190, 191, 192, 194, 196, 200, 204, 205, 210 and 282, referred to in Schedule D on pages 6 and 7 of the bill amounting to $5,090,992.42. As I stated before in respect of supplementary estimates for 1959-60, the bill provides also for one-sixth of all the items to be voted in these estimates. That amount is $20,088,305.67, making the total voted by this bill $634,617,069.94.

Honourable senators, as I have already stated, the proportions requested in this bill are intended to provide for all necessary requirements of the public service up to July 31. I hope that does not mean that we shall be here until then. But if the Government had asked for supply for only one month some persons might have said that the Government was trying to hold a club over the head of Parliament in an attempt to bring about prorogation within that period. The fact that this bill provides for two months' supply has nothing to do with the date of prorogation.

Hon. Mr. Reid: I hope not.

Hon. Mr. Aseltine: In no instance is the total amount of an item being released by this bill.

Honourable senators will note that the form of this bill is the same as that of the one passed two months ago and of similar interim supply bills passed last year, which were drafted in that form, in accordance with a suggestion made by the honourable Leader of the Opposition in this house (Hon. Mr. Macdonald).

The passing of this bill will not prejudice the rights and privileges of honourable senators to criticize any item in the estimates when they come up for consideration in the final supply bill. The usual undertaking is hereby given that such rights and privileges will be respected and will not be curtailed or restricted in any way as a result of the passing of this measure.

Honourable senators, that is a general explanation of the bill.

Hon. Mr. Isnor: I should like to ask one question before the Leader of the Opposition (Hon. Mr. Macdonald) replies. The honourable leader mentioned 20 special items.

Hon. Mr. Aseltine: Yes.

Hon. Mr. Isnor: Are those new items?

Hon. Mr. Aseltine: No; they are in the main estimates.

A portion of the total amount is required ahead of time on account of the work that is being done, or that has to be done during June and July. For instance, if you refer to Schedule D you will find that much of the expenditure listed there is in connection with surveys of one kind or another which have to be made in different parts of the country in the summer months, but these are not new items at all.

Hon. Mr. Isnor: Are they included in the various schedules mentioned by you, A, B, C and D?

Hon. Mr. Aseltine: They are all included here.

Hon. Mr. Isnor: Is the expense incurred by the Royal Canadian Mounted Police for transferring troops from Moncton to St. John's, Newfoundland, shown?

Hon. Mr. Aseltine: I do not think there is any reference to the Royal Canadian Mounted Police at all. That probably would be in the supplementary estimates, if it is in at all.

Hon. W. Ross Macdonald: Honourable senators, as stated by the Leader of the Government (Hon. Mr. Aseltine), this is a type of bill which it is necessary to pass in order to give the Government supply which it needs for carrying on the business of the country until all the estimates have been approved by Parliament.

Did I understand the Leader of the Government to say, in reply to a question by the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor), that there was no provision at this time for any of the amounts which appear in the supplementary estimates?

Hon. Mr. Aseltine: The bill provides for one-sixth of the supplementary estimates.

Hon. Mr. Macdonald: Yes, the bill provides for one-sixth of the supplementary estimates. So the supplementary estimates are definitely included in this bill and probably that is the reason why the Government brought down the supplementary estimates last Thursday or Friday and they were tabled in this house on Tuesday. The Government could have waited until next week to bring down the supplementary estimates, but if it had done that it would not have got the benefit of this bill. I have no doubt that the supplementary estimates were brought down last week in order that the Government might get the benefit of this bill.

The bill provides for the expenditure of a very large sum of money, something in excess of half a billion dollars. That is a lot of money.

The Leader of the Government has said, and quite correctly, that in most instances this bill provides for one-sixth of the amount set forth in the estimates. That is to say, after this bill is passed the Government will be able to carry on the business of the country until the end of July, and of course if Parliament does not prorogue by that time it will be necessary to bring down another interim supply bill.

This is a necessary bill and of course I would not object to it. I do not think anybody in this house would object to the bill in this form, although there might be objection to some items in it.

Honourable senators, the question has often been asked, to what extent are the expenditures of the country increasing? I have a table which sets forth the total estimates of budgetary expenditures from the fiscal year 1950-51 until this year, 1959-60. It shows that the total expenditures, including the supplementaries, for 1950-51, were $2,926,-800,000, and for the last fiscal year, that is up to March 31, 1959, the total expenditures amount of $5,508,500,000.

Now, honourable senators, I am going to make a few observations. The total budgetary expenditures for the fiscal year 1958-59, including supplementaries, amounted to $5,179,-000,000, and this year the main estimates

amount to $5,595,000,000, which is an increase of $416 million up to the present. And to be added to that are the present supplementary estimates of $120 million. So honourable senators will see our expenditures for this year are going up considerably over those of last year.

There is no doubt in my mind that before the present fiscal year is over the total Government expenditures will be in excess of $6 billion, which will be the largest expenditure made by any Government at any time in our history, including the war years. I do not think there is any doubt but that figure will be reached.

Hon. Mr. Crerar: It will be more than that.

Hon. Mr. Macdonald: Well, that is a conservative suggestion—not a progressive conservative suggestion, but just an ordinary conservative one.

Hon. Mr. Brunt: A liberal conservative one.

Hon. Mr. Macdonald: I will let it go for the time being at $6 billion. Honourable senators, I merely mention this so that we will realize we are in the spending business in a very large way.

I will close my remarks with the statement that I think it is necessary for us to pass this bill in order that the Government will get the money to pay its ordinary expenses, make progress payments on various works that are going on throughout the country, pay the wages and salaries of soldiers, sailors, airmen and civil servants. All these payments have to be provided for and this is the only way it can be done.

Hon. T. A. Crerar: Honourable senators, the remarks that I shall make will be rather brief for the needs of the occasion. I would suggest to the house that when we are considering interim supply is really the occasion when we have an opportunity to examine into the proposals put forward by the Government for spending the taxpayer's money, because it has been my invariable experience that at the end of the session when the final supply bill comes to us there is very little time to discuss it. Consequently, if we wish to criticize the total volume of spending, if we wish to direct criticism to any particular aspect of spending, if we desire information on any of the items in the estimates, I submit that this is about the most effective opportunity we have to receive information.

That is why I protested a bit when the honourable Leader of the Government (Hon. Mr. Aseltine) suggested we should proceed with this measure today. I have no objection to our giving the second and third readings to the bill today because, obviously, the Government must be put in funds to pay its wages and salaries and other expenditures at the middle of June. So we are under the necessity of considering the bill. I do repeat, however, that the occasions on which we consider interim supply, the provisional votes, are really the only occasions on which we have an effective opportunity to discuss the financial spending of the administration.

I think the leader on this side (Hon. Mr. Macdonald) was a little optimistic when he indicated that the spending this year might reach $6 billion. I would point out that in the main estimates Parliament is asked to provide, in round figures, $5,595 million and we are asked by way of supplementaries recently put before Parliament to provide another $120 million. I point out to the house that neither of those items includes the amount for old age security, which amount, according to the estimate in the Blue Book, is $577 million. So, if we approve the main estimates, the supplementary estimates already before Parliament, and of course the old age security, which is statutory, we reach a total of almost $6,200 million.

I should think it altogether probable that we may have further supplementary estimates, perhaps not before Parliament prorogues, but in the usual practice at the end of the fiscal year.

Honourable senators, I do think that this vast amount of spending should be of serious concern to Parliament. We have recently passed through a period of recession in our economy. Very fortunately, the evidence seems pretty clear that we are moving out of it. But I am not by any means so optimistic as to believe that we are going to move out of it continuously. We have had these periods in the past, and we shall have them in the future, notwithstanding all our efforts to control, direct and improve our economy. So the wise thing for Parliament to do in these circumstances, it appears to me, is to go cautiously on spending.

Not only have we an unbalanced federal budget, but we are finding that spending is increasing sharply in almost every provincial administration, irrespective of its political affiliation. The same may be said for all the larger municipalities, where the political factor does not enter in at all. I am convinced that we have generated throughout the whole public thinking a very great degree of optimism as far as the future is concerned. We look at our developments, we think of our vast spending in the north, our rich heritage of minerals, forests and water power, and we have somehow brought ourselves to the state of mind where we believe—at least, a great many do—that fortune is going to smile upon us for ever.

Well, fortune will not smile upon us unless we take care of our own affairs. Honestly, I shudder to think what might be our situation in some not-far-distant-future, if we keep on increasing our spending beyond our intake. That is what is happening with most governments today. I hope the Finance Committee in its study of inflation will be able to assemble the data showing what is the total spending by all governments in Canada in relation to their total revenue. Because, while we are concerned chiefly with federal affairs, the matter of real importance to the average citizen is not alone the amount of money that he pays to his federal authority, but the sum total of his payments to all governments.

I venture this suggestion, that if we get ourselves onto a plateau of high spending, with expansionist ideas, and then the cruel winds of adversity affect our economy, we shall be in danger of real political trouble in this country. We might then be in a situation where the Unemployment Insurance Fund would very quickly be deflated and unable to pay the benefits. What would happen then, with our economy in a slump, our tax receipts down and our obligations mounting?

I certainly don't wish to be regarded as a prophet preaching doom and gloom to Parliament. My nature is the very reverse of that. All the mistakes I have made in my personal affairs in life have arisen through too much optimism. But I do suggest very seriously to this house and to Parliament that we should today be giving some consideration to conditions which might arise and develop beyond our control.

Hon. Mr. Reid: Honourable senators, I have two questions to direct to the Leader of the Government (Hon. M. Aseltine). First, I am rather intrigued by Vote 210 in Schedule D, described as "Polar Continental Shelf Project". Does the leader have any information on that?

Secondly, I notice by the schedules that only nine departments are mentioned. If this bill is to cover one-sixth of the entire estimates, how is it that only nine departments out of a total of 18 or 19 are listed in these schedules?

Hon. Mr. Aseltine: Vote 210 has to do with the Polar Continental Shelf Project. Additional proportions are required under this and the preceding eight votes to finance field survey parties whose activities are concentrated in the summer months. These are the survey parties to which I referred in my earlier remarks. Most of the money will be spent in June and July, and that is why these additional amounts are being voted now.

Hon. Mr. Reid: I asked a second question. Only nine departments are mentioned in the four schedules, so how is it that this bill asks for one-sixth of the total estimates?

Hon. Mr. Aseltine: The votes set out in the four schedules are in addition to the vote of one-sixth of the main estimates, as provided for in clause 2 of the bill. These additional amounts specified in the schedules are required because the departments concerned will be making the expenditures in June and July.

Hon. Gordon B. Isnor: Honourable senators, like the honourable senator from Churchill (Hon. Mr. Crerar), I am concerned about the large amount of expenditures we are approving in a matter of minutes without any real explanation of the various items. In looking through the schedules I see an item that I would like to have explained. It is Vote 263 in Schedule B, Northern Affairs and National Resources.

Hon. Mr. Brunt: What is the page?

Hon. Mr. Isnor: Page 4. It reads:

> Contributions to the provinces, pursuant to agreements entered into with the approval of the Governor in Council, by Canada with the provinces, of amounts equal to one-half of the amounts confirmed by the provinces as having been spent by them for campground and picnic area developments.

I would like to know whether that agreement was entered into previously or is under consideration at the present time; also how many provinces are involved, and the amounts spent by each of them.

Hon. Mr. Aseltine: Vote 263 has to do with a part of the winter works program that has been carried over into the spring months with respect to campground and picnic area development in the different provinces. One-half of this vote is for the winter works portion of this program completed on May 31, and information from the provinces indicates that progress on the rest of the program will be more or less extensive during the early summer. I do not happen to have the names of the provinces which are concerned, but that, in a general way, answers the question which the honourable senator has just asked.

Hon. Mr. Isnor: In a way, yes. Honourable senators, that is the kind of thing I had in mind. We understand there was an agreement entered into last fall to overcome the unemployment situation existing in certain areas of Canada, and one of the projects was said to be the development of camping and picnic grounds in various national parks. That is as I recall it. Because of that we are now asked to approve of $1,500,000, and, naturally—

Hon. Mr. Aseltine: No, not $1,500,000, but one-third of that amount. It is $500,000.

Hon. Mr. Isnor: On page 4 it says $1,500,000.

Hon. Mr. Aseltine: That is the total estimate for the year. What is being voted is one-third of that amount.

Hon. Mr. Isnor: That is the total amount, and you are asking for one-third of that?

Hon. Mr. Aseltine: Under Schedule B we are asking for $824,276.67.

Hon. Mr. Isnor: That being one-third of the total?

Hon. Mr. Aseltine: That is one-third of the total amount of the two votes in Schedule B.

Hon. Mr. Isnor: Well, continuing, I was wondering what sections of Canada that money was spent in and I think we should know that. Perhaps if the honourable leader cannot give that information today he will give it later?

Hon. Mr. Aseltine: I will be glad to get the information for the honourable senator and furnish it at the next sitting.

Hon. Mr. Isnor: I would like to have information about other items. For instance, there is a fairly large amount for the Forest Research Division, operation and maintenance, $1,470,657. That is in Schedule D, page 7, item 282.

Hon. Mr. Aseltine: This, honourable senators, has to do with the Dominion Observatory, Ottawa and field stations. It is for administration, operation and maintenance, including the expenses of the National Committee for Canada of the International Astronomical Union, the fee for membership in the International Astronomical Union, and a grant of $3,500 to the Royal Astronomical Society of Canada. Just one-third of the amount of $896,030 is being voted.

Hon. Mr. Isnor: That is not the item. I was referring to Item 282 under the heading "Northern Affairs and National Resources". That would hardly apply to Northern Affairs, would it?

Hon. Mr. Aseltine: I misunderstood my honourable friend.

Hon. Mr. Isnor: I think the record will show that I said Item 282, and I gave the amount as $1,470,657. It is the last item on page 7.

Hon. Mr. Aseltine: Well, Vote 282 has to do with the Forest Research Division of the Department of Northern Affairs and National Resources. It is for operation and maintenance, and the activities of the field parties whose work is at its height in the early summer months. That is all the information I have on that. If the honourable senator wishes more details I will get them for him.

Hon. Mr. Macdonald: What percentage of that total is voted?

Hon. Mr. Aseltine: That vote is one-twelfth.

Hon. Mr. Macdonald: That is, in addition?

Hon. Mr. Aseltine: We are asking for an additional one-twelfth of Vote 282.

Hon. Mr. Macdonald: That is in addition to the one-sixth?

Hon. Mr. Aseltine: Yes, I take it that is what it is. It is one-sixth of the total of this vote plus an additional one-twelfth.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Acting Speaker (Hon. Mr. White): Honourable senators, when shall this bill be read the third time?

Hon. Mr. Aseltine: With leave of the Senate I move that this bill be now read the third time.

Hon. Mr. Macdonald: Honourable senators, when I estimated the total expenditures of the Government for the present fiscal year at slightly over $6 billion I did not take into account the amount which would be paid out for old age pensions. I did not do so because there is a special provision for getting this money. As honourable senators are aware, this revenue is derived from a 3 per cent tax on personal income, a 3 per cent tax on corporation income and a 3 per cent sales tax. According to the evidence we heard in committee the other day it is expected that the revenue from these three sources will be sufficient to pay old age pension claims during the present fiscal year. I do not feel this amount should be included in the ordinary expenditures of the Government, otherwise you would have to include amounts paid out for unemployment insurance benefits. As honourable senators know, payments into the Unemployment Insurance Fund come from special sources.

Here is the manner in which I arrived at $6 billion as the total expenditures of the Government for the present fiscal year. The estimates for the fiscal year ending March 31, 1960, amount to $5,595 million. The supplementary estimates for last year totalled $429 million. Assuming that the supplementary estimates for this fiscal year will be in the same amount, if you add them to the estimates already tabled in the house you will get a total of $6,024,000,000. Therefore, I stand by my first estimate of the expenditures of this Government during the present fiscal year as approximating $6 billion.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Acting Speaker (Hon. Mr. White): Honourable senators, I have the honour to inform you that the following communication has been received:

GOVERNMENT HOUSE
Ottawa

June 4, 1959

Sir:

I have the honour to inform you that the Honourable Patrick Kerwin, P.C., Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate Chamber today, the 4th June, 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,

Lionel Massey,
Secretary to the Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

ADJOURNMENT

Leave having been given to revert to motions:

Hon. Mr. Aseltine: Honourable senators, with leave of the Senate, I move that when the Senate adjourns today it stand adjourned until Tuesday next, June 9, 1959, at 8 o'clock in the evening.

Motion agreed to.

PRIVATE BILL

ROMAN CATHOLIC EPISCOPAL CORPORATION OF PRINCE RUPERT—SECOND READING

Hon. Sydney J. Smith (Kamloops) moved the second reading of Bill S-23, respecting the Roman Catholic Episcopal Corporation of Prince Rupert.

He said: Honourable senators, this is a rather simple bill consisting of three short sections. It has two major objectives. The first two sections reduce the size of the area originally authorized to be under the jurisdiction of this corporation. The purpose of the third section is to remove the restrictions on investment of the corporation.

I would like to give the house a brief outline of the reasons for the requests contained in this bill.

The area served by The Roman Catholic Episcopal Corporation of Prince Rupert comprises 135,000 square miles between the 53rd and 58th parallels of latitude and from the Pacific to the Alberta border in British Columbia, including the Queen Charlotte Islands.

The total population of the area is between 85,000 and 90,000. The Catholic population of 12,500 includes about 4,000 Indians. There are seven schools and four more are in the process of building, together with 12 churches and 12 rectories. This compares with four churches, four rectories and one school at the time of incorporation in 1924. Most of the towns in the area have doubled their population in the last five years. This recent increase and the anticipated increases in population are the reasons for the removal of the restrictions on the value of real estate held by the corporation and the period during which it may be held.

As to subsection 3 of section 4 of the act in its present form, several recent statutes incorporating religious or eleemosynary bodies contain no limitation on the value of the real property which may be held by such bodies. Moreover, in several recent instances, private acts have contained provisions removing such limitations not only for the future but retroactively.

Provisions imposing a time limit on the holding of unused real estate, such as are contained in subsections 4 to 7, inclusive, of section 4 of the act in its present form, have been omitted in some recent incorporations of religious bodies. The most recent cases of this kind were An Act to incorporate Oblate Fathers of Assumption Province, in the Statutes of Canada, 1957, chapter 54; and also Bill S-18, which received third reading in the Senate on April 23 last, An Act to incorporate the Lutheran Church in Canada.

Honourable senators, that covers the brief summary which I wish to make. It is my intention, if need be, to move that this bill be referred to the Standing Committee on Miscellaneous Private Bills.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Smith (Kamloops), bill referred to Standing Committee on Miscellaneous Private Bills.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Patrick Kerwin, Chief Justice of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker,

the Honourable the Deputy of the Governor General was pleased to give the royal assent to the following bills:

An Act for the relief of Audrey Isabella Wanda Patterson Gray.

An Act for the relief of Raymonde Gagnon Tremblay.

An Act for the relief of Aline Brunette Farago.

An Act for the relief of Martina Bernice Patterson Baker.

An Act for the relief of Nelly Hugentobler Larsen.

An Act for the relief of Jean Trachtenberg Levy.

An Act for the relief of Louise Martel Abel.

An Act for the relief of Marie Louise Fauteux Roy.

An Act for the relief of Helen Lyon Bain Gardeler.

An Act for the relief of Joan Brazer Brazier.

An Act for the relief of Maria Luise Ahnhudt Sandberg.

An Act for the relief of Susan Gilda Levin Klein.

An Act for the relief of James Alvin Bradley.

An Act for the relief of Emily Mary Kredl Keller.

An Act for the relief of Raymond Winston Farren.

An Act for the relief of Marie Lucille Pauline St. Jacques Parent.

An Act for the relief of Mario Baldo.

An Act for the relief of Frank William Staples.

An Act for the relief of Zdenek Nosek.

An Act for the relief of Margaret Viola McCullough Morrow.

An Act for the relief of Sheila Carole Neidik Schwartz.

An Act for the relief of Gordon Clarence Hunting.

An Act for the relief of Ida Shlafman Zimendstark.

An Act for the relief of Audrey Elsie Asbury Ross.

An Act for the relief of Patricia Anne McKenna Coombes.

An Act for the relief of William Lawrence Hughes.

An Act for the relief of Armand Lacombe.

An Act for the relief of Rita Steinbach Gruia.

An Act for the relief of George Meredith Scott Burton.

An Act for the relief of Helen Borer Marcovitch.

An Act for the relief of Emilia Mildora Kavalas Chesna.

An Act for the relief of Clarice-Mae Barraclough King.

An Act for the relief of Margherita Elaina Milano Di Pietro.

An Act for the relief of Lucille Gagne Labonte.

An Act for the relief of Jean Louis Mathieu.

An Act for the relief of Llui-Amoy Wheatley Fraser.

An Act for the relief of Phyllis Pamela Allen Ashburner-Collins.

An Act for the relief of Albert Reginald Bissonnette.

An Act for the relief of Alexander Abraham Hendy.

An Act for the relief of Winifred Martin Collier.

An Act for the relief of Jeannine Aimie Alice Mercier Mahaut.

An Act for the relief of Claude Desroches.

An Act for the relief of Mildred May Eunice Charron Roblee.

An Act for the relief of Pierre Joseph Gabriel Sorba.

An Act for the relief of Gaston Vadnais.

An Act for the relief of Theodora Cornell Moore Martin.

An Act for the relief of Rose Ange Lorange Gadoury.

An Act for the relief of Brenda May Newbury Sherwood.

An Act for the relief of Lillianne Reed Volchuk.

An Act for the relief of Fernand Filiatrault.

An Act for the relief of Elisa Gislena Maria Blankaerts Juneau.

An Act for the relief of Louis Gustave Rey.

An Act for the relief of Gertrude Mary Prosser Hortig.

An Act for the relief of Mary Barbara Jex Light.

An Act for the relief of Joan Elizabeth Healy Watson.

An Act for the relief of Franz Prader.

An Act for the relief of Emilienne Celestine Mallard Grossin.

An Act for the relief of Gertrud Maria Meta Wauer Macovetsky.

An Act for the relief of Mohammed Dijiro.

An Act for the relief of Aurore Giguere Gourd.

An Act for the relief of Lucinda Marguerite Vaughan Flood.

An Act for the relief of Joan Turvey Fields.

An Act for the relief of Patricia Elizabeth Tobias Garber.

An Act for the relief of Marian Ida Rex Ross.

An Act for the relief of Mary Ann David Arial.

An Act for the relief of Marjorie Barbara Hawthorn Morrison.

An Act for the relief of Sarah Friberg Lazare.

An Act for the relief of Marie Adrienne Maryse Dagenais Garlick.

An Act for the relief of Alexandre Pare.

An Act for the relief of Norman Grover otherwise known as Norman Bernard Grover.

An Act for the relief of Marjorie Winifred Joyce White Young.

An Act for the relief of Helga Fischer Dollard.

An Act for the relief of Marguerite Louise Agathe Piche Chartrand.

An Act for the relief of Marcelle Flore Terreault Wright.

An Act for the relief of Daisy Naydia Pretula Link.

An Act for the relief of Alexander Hill Forbes.

An Act for the relief of Barbara Ann Mary Curran Albrechtson.

An Act for the relief of Dorothy Vera Doyle Trudel.

An Act for the relief of Mary May Helen McCormick Moran.

An Act for the relief of Ethel Marguerite Nimick Hemmings.

An Act for the relief of James Donald McAllister.

An Act for the relief of Heather Joan Maxwell Firth.

An Act for the relief of Suzanne Mary Florence Peyton Young.

An Act for the relief of Elizabeth Ann Nelson Bissett.

An Act for the relief of Moira Elizabeth Latham Bruce.

An Act for the relief of Audrey Edwardeen Scanlan Grayburn.

An Act for the relief of Oscar Roy.

An Act for the relief of Rosy Fish Tatelman.

An Act for the relief of John Andrew Buzzell.

An Act for the relief of Barbara Lucy Bain Forbes Logan.

An Act for the relief of Ghitta Caiserman Pinsky.

An Act for the relief of Florida Seyer Girard.

An Act for the relief of Maria Adriana Sluis Metcalfe.

An Act for the relief of Irene Kramer Segal.

An Act for the relief of Lois Genevieve Good Mulcahy.

An Act for the relief of Frances Lerner Rotman.

An Act for the relief of Mose Takacs.
An Act for the relief of Catherine Mary Rita Durning Dossett.
An Act for the relief of Dorothy Elizabeth Fremantle Fleming.
An Act for the relief of Donald Edward Cook.
An Act for the relief of Maria Carmella Gentile Hammill.
An Act for the relief of Ivy Mildred Patch MacDonald.
An Act for the relief of Mary Friend Bond.
An Act for the relief of Eleanor Patricia Henderson Cosh.
An Act for the relief of Patricia McDonald Bouthillette.
An Act for the relief of Louis Marcel Blondin.
An Act for the relief of Janet Marianne Louise Kippen Coulombe.
An Act for the relief of Demetra Paul Garini Liogas.
An Act for the relief of Paul Alexander Cross.
An Act for the relief of Elisabeth Marguerite Le Febvre Walker.
An Act for the relief of Joseph Roger Wilfrid Girard Frigon.
An Act for the relief of Jean Paul Frechette.
An Act for the relief of Ben Plotkin.
An Act for the relief of Tibor Matthias Miletics.
An Act to amend the Representation Act.
An Act to incorporate Lutheran Church—Canada.
An Act to amend the Veterans Rehabilitation Act.
An Act to amend the War Service Grants Act.
An Act respecting The Canadian Legion of the British Empire Service League.
An Act to incorporate Export Finance Corporation of Canada, Ltd.
An Act to amend the Excise Act.
An Act to amend the Customs Tariff and The New Zealand Trade Agreement Act, 1932.
An Act to amend the Old Age Security Act.
An Act to provide for the appointment of Parliamentary Secretaries to Ministers.

Hon. Roland Michener, Speaker, of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1960.

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

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

THE SENATE

Tuesday, June 9, 1959

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

Prayers.

FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-41, to amend the Federal-Provincial Tax-Sharing Arrangements Act.

Bill read first time.

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

Hon. Mr. Aseltine: Thursday next.

BRETTON WOODS AGREEMENTS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-52, to amend the Bretton Woods Agreements Act.

Bill read first time.

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

Hon. Mr. Aseltine: Thursday next.

JUDGES BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-56, to amend the Judges Act.

Bill read first time.

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

Hon. Mr. Aseltine: Thursday next.

CANADA-NOVA SCOTIA INDIAN RESERVES AGREEMENT BILL

FIRST READING

Hon. Mr. Aseltine presented Bill S-25, to confirm an agreement between the Government of Canada and the Government of the Province of Nova Scotia respecting Indian reserves.

Bill read first time.

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

Hon. Mr. Aseltine: Thursday next.

DOCUMENTS TABLED

Hon. Mr. Aseltine: Honourable senators, I table the following reports:

Report of the Auditor General on the examination of the accounts and financial statements of the National Battlefields Commission for the fiscal year ended March 31, 1959, pursuant to section 12 of An Act respecting the National Battlefields at Quebec, being Chapter 57 of the Statutes of 1908. (English text).

Report of expenditures and administration in connection with the Unemployment Assistance Act for the fiscal year ended March 31, 1959, pursuant to section 9 of the said Act, being Chapter 26 of the Statutes of 1956. (English text).

APPROPRIATION BILL No. 4

ANSWER TO QUESTION

Hon. Mr. Aseltine: Honourable senators, when we were dealing with the interim supply bill last Thursday, the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) asked me a question which I was unable to answer at the time. He asked how many provinces have entered into agreements under Vote 263 which provides for "Contributions to the provinces... of amounts equal to one-half of the amounts confirmed by the provinces as having been spent by them for camp-ground and picnic area developments" and what amounts, by provinces, are involved?

I now have the answer which is rather long. Instead of reading it I will, with permission of the house, hand it to *Hansard*.

All provinces, except Quebec, have entered into agreements as contemplated by Vote 263. The total amount of this Vote released by interim supply bills to date is $1,000,000 ($\frac{1}{6}+\frac{1}{6}+\frac{1}{3}$ or $\frac{2}{3}$ of $1,500,000). The requirements under this Vote up to the end of July, by provinces, are as follows:

Newfoundland	50,000
Prince Edward Island ..	50,000
Nova Scotia	30,500
New Brunswick	24,250
Ontario	332,661
	(including carryover from 1958-59 of $33,000)
Manitoba	52,500
Saskatchewan	86,500
	(including carryover of $44,000
Alberta	187,500
British Columbia	175,000
	$988,911
	say $1,000,000

As a matter of interest, a similar vote was provided last year (1958-59) in the amount of $2,500,000. Expenditures thereunder were as follows:

Newfoundland	54,346
Prince Edward Island	2,120
Nova Scotia	24,014
New Brunswick	47,446
Ontario	924,282
Manitoba	118,707
Saskatchewan	50,725
Alberta	138,302
British Columbia	363,494
	$1,723,436

INFLATION

AUTHORITY TO PRINT ADDITIONAL COPIES OF COMMITTEE PROCEEDINGS

Hon. Clarence V. Emerson, Chairman of the Standing Committee on Finance, presented a report from the committee.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Finance, to whom was referred the instruction to study the threat of inflation in Canada, report as follows:

Your committee recommend that they be authorized to increase the printing of their day-to-day proceedings from 800 copies in English and 200 copies in French, to 1,800 copies and 400 copies, respectively.

The Hon. the Speaker: Honourable senators when shall this report be considered?

Hon. Mr. Emerson: With leave of the Senate, I move that the report be adopted now.

Hon. Mr. Isnor: May I inquire of the chairman of the committee why so many copies are required? It seems to be an exceptionally large number. I am a member of the committee and perhaps I should have asked this question at the committee meeting.

Hon. Mr. Emerson: I was absent from the committee meeting when the motion to make this report was passed, but I understand that the witnesses appearing before the committee are asking for copies of the day-to-day proceedings. For instance, those who appeared this morning requested 20 copies, and the witness at the first meeting asked for several copies. It seems likely that the copies will go pretty fast.

Hon. Mr. Croll: If it is conceivable by any stretch of the imagination that 1,800 people in Canada will read the proceedings of a Senate committee, I am all in favour of printing the extra copies.

Hon. Mr. Brunt: We could print even more.

Hon. Mr. Macdonald: There must be a demand for these extra copies or the chairman would not be asking for them.

Report adopted.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 313 to 352.

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

Hon. Mr. Roebuck: Honourable senators, as we are approaching the close of the session I would move, with the unanimous consent of the senate, that these reports be adopted now.

Motion agreed to.

FREIGHT RATES REDUCTION BILL

SECOND READING

The Senate resumed from Thursday, June 4, the adjourned debate on the motion of Hon. Mr. Hnatyshyn for the second reading of Bill C-38, to make provision for the reduction of certain class and commodity rates on freight traffic.

Hon. W. D. Euler: Honourable senators, during the debate on this bill I listened with a certain detached interest to the controversy that was waged between senators from the Atlantic provinces and those from the western provinces, vying with one another to show that their respective parts of the country were not receiving equal advantages—largely, I may say, out of the federal treasury.

Hon. Mr. Horner: And Ontario is getting the Seaway, and all that.

Hon. Mr. Euler: The reason I am speaking of this matter is that I am from Ontario. So far nothing has been said on behalf of Ontario. In fact, while I was listening to the more or less sectional debate I thought of the Irishman who noticed that a little distance down the block a fight was going on. He hastened to the scene immediately, and rather anxiously inquired whether it was a private fight or whether anybody could get into it. I was then reminded of the duty that rests upon those of us who come from the central provinces, Ontario and Quebec, since we supply, through our high taxes, most of the revenues from which come these subventions and other favours that are now benefiting the other provinces.

Hon. Mr. Horner: You are getting most of it from us in the West.

Hon. Mr. Euler: I believe it is quite appropriate, and good morals, that the strong should help the weak. I have no objection to that as a principle, although I think in the past it has quite frequently gone to extremes. I am not going to particularize on that, and I have no objection to its taking place within our own country.

What I am going to say now, Mr. Speaker, may not be entirely pertinent to the bill. I think charity begins at home, and that now, so far as our contributions to other countries

are concerned, we can no longer afford them. I think these contributions, both by us and, in greater degree, by the United States, are made with the thought that by handing out hundreds of millions and billions of dollars we are going to direct the thoughts of people in the Eastern countries and the Middle East away from the communistic system. I want to say that we are never going to defeat an ideal or an idea either by preparing for war or by giving money or other gifts.

Now I will proceed with the bill itself. It stems directly from the threat—I do not like to use the term, but I suppose it is correct—made by the employees of the Canadian National Railways for an increase in their wages. I am not going to say that they are not deserving of an increase, for I do not know. I will say, however, that I think it should no longer be legally possible for any body of men, be they union men or otherwise—and I have nothing against the unions; I think they are doing good work—to disrupt entirely the whole of the national economy by striking in such a service as the railways or anything else within government control.

Hon. Mr. Horner: Hear, hear.

Hon. Mr. Euler: That applies to everything within the Government, whether it be the Civil Service or any other body. I do not suppose it could possibly apply to the army or navy or air force, but it does apply to the railways. It would just be a national calamity—and we have come close to it a number of times—if the railway people could strike and almost entirely destroy the national economy during the time of the strike.

I would urge upon the Government without any hesitation that where such a dispute arises and a strike is threatened it should be made illegal so to strike, entirely on the principle that the public interest is always paramount and any other interest must yield to it.

Hon. Mr. Horner: Hear, hear.

Hon. Mr. Euler: I think that becomes the duty of the Government. I also think that a law to give effect to that principle would receive the support of most reasonable people in this country. Where disputes arise over wages in the great public services and no agreement can be negotiated between the contesting parties, there should be arbitration, the award of which must be accepted.

Now, to come to the matter of the Crowsnest Pass rate agreement. My friend Senator Crerar gave a history of the Crowsnest Pass rates agreement and traced it down through the years since it came into being some 60 years ago. I might say, by the way, that I have never been able to understand why any corporation like the Canadian Pacific Railway should enter into a perpetual agreement, in view of the fact that times and costs change materially. However, the company did it. I have no particular sympathy for the Canadian Pacific Railway; they did it with their eyes open. I am more concerned because of the effect that the agreement has on the Canadian National Railways which, of necessity, must give the same rates because of competition.

Senator Crerar said he thought the rates were profitable. That was 60 years ago. Perhaps they were. I do not know. I do not know whether it is possible even to establish if they were profitable or not, but I am inclined to disagree with him when he says that they must still be profitable, considering that railway costs, like all other costs, have increased threefold and fourfold. I doubt very much that the rates are profitable at present; but, as I said, the Canadian Pacific Railway entered deliberately into the agreement and so one cannot have too great sympathy with it unless the public interest is sufficiently prejudiced that some change should be made.

Senator Crerar referred to the fact that the agreement was suspended for, I think, three years during the first war, and that then an attempt was made by the Union Government to abolish the agreement by means of a bill that was passed in the House of Commons. And Senator Haig rather gloried in the fact, as he was quite justified in doing, that the Senate itself through non-partisan co-operation defeated that bill and the rates remained. Later on, I think it was in 1922, the then Liberal Government made a similar attempt and it referred consideration of the whole question to a committee of the House of Commons. I am not sure whether that was a standing committee or a special committee. I was a member of that committee and a comparatively young member of the House of Commons. I had come here with certain high ideals and high principles which, I hope, have not been entirely destroyed, though perhaps they have been slightly blunted by reason of a parliamentary experience of something more than 40 years. That committee sat for many weeks and heard evidence from many quarters. The railway people were there, the workers were represented, the western provinces had their premiers there, and it was a really interesting and exhaustive examination. I can remember asking the question, "How are rail rates arrived at?" I finally extracted from the representatives of one of the railways an admission that the rates were based on what the traffic would bear. At any rate, I still had those ideals of which I spoke a moment ago, and I was

one of a number of Liberal members of the House of Commons who defeated the proposed abolition of the Crowsnest Pass rates. They have remained in force ever since.

A few moments ago I spoke about the public good which must override every other consideration. Whether that time has arrived with regard to the Crowsnest Pass rates I do not know. But honest confession, they say, is good for the soul, and I sometimes have wondered whether we did the right thing at that time. I merely say in passing that if we had not done what we did then, but had amended the rates, perhaps the whole question would have been settled by this time and we would not have the further trouble that we are almost sure to have.

I might give a case in point as to when the public interest should override any other interest. I refer to a case that occurred some years ago in the province of Ontario. The Ferguson Government was in office at the time. Contracts had been made with a number of power-producing companies to buy power at a fixed rate for the Hydro-Electric Power Commission of Ontario. A change of government took place and Mr. Mitchell Hepburn came into office—and, by the way, I may say that two of his ministers are now members of the Senate. Shortly after the Hepburn Government came into office Mr. Hepburn made a speech in which he repudiated the contracts with the power companies. I happened to be in Toronto at that time and was in the office of a very well-known and highly respected member of the legal profession, a gentleman with whom I had gone to school and of whom I thought very highly. As the news came over that Mr. Hepburn had repudiated those contracts I was shocked, and I said so to my legal friend. He replied, to my amazement, "I was just about to call up Mitch and congratulate him on what he had done." I told him I was surprised that a lawyer who drafted contracts did not have a higher regard for the sanctity of a contract. "Well," he said, "there is a difference between contracts that are made between individuals or private corporations and contracts that are made between a corporation and a government." That was a rather surprising thing to me. He thought that whenever the public interest overrode the interest of any private concern, it was quite in order that the public authority should repudiate the contract. I am not going to say that I have changed the opinion that I had 40 years ago as to the sanctity of contracts, but the fact is that new contracts were made with these power companies at a substantially reduced rate and the power users in Ontario got the benefit at the expense of the shareholders of the power companies.

Now, it has been stated here that the Government has appointed a commission to look into the freight rates. That commission is to be headed by a gentleman whom I know and who is highly respected, Mr. McTague, a former Justice of the Court of Appeal of Ontario. I have the utmost confidence in him, although I do not know his colleagues. I am surprised and disappointed to learn that the Prime Minister is alleged to have said that the Crowsnest Pass agreement is not within the purview of this commission. I think the survey cannot be complete and valuable without an investigation of the Crowsnest Pass agreement. I hope the Prime Minister will revise that decision, if indeed he has made it.

The bill before us is intended to provide compensation of some $20 million to the railways for reduced rates. I presume it will have to pass, and I am not opposing it, although I do not believe in the principle underlying it.

Hon. Calvert C. Pratt: Honourable senators, I wish to say a few words on this bill. My references will be with respect to the effect of freight rates as they apply to the Maritime provinces, more particularly to Newfoundland.

I do not think the position of the eastern provinces has been properly considered before the passage of enactments affecting freight charges. As you know, the nearer the end of the line you are and the farther away from production, the higher the rates and the greater their effect on the cost of living, and the more industry is retarded by the high distribution costs. That is our problem today in the province of Newfoundland, largely by reason of high freight rates. Another reason for the high cost of living is the application of the customs tariff by which our trade is now diverted to other provinces, particularly the central provinces, at the higher freight rates costs, rather than to countries abroad, as formerly. It is calculated that an article which costs on the average 75 cents in the central provinces will cost the consumer in Newfoundland $1. Indeed, the cost of living in Newfoundland is generally estimated at about 12 per cent higher than in the other Atlantic provinces.

So, honourable senators, as these recurring increases in freight rates take place year after year, I believe more consideration must be given to their effect on the cost of living, the opportunities for employment, and the economy generally of the eastern provinces, and in particular the province of Newfoundland, which is the one hardest hit.

I should like to repeat now what I said in this house a short time ago, that in the

past 11 years the freight rates from central Canada to the Maritimes—including the 17 per cent which we assumed would be allowed —have increased by 154 per cent. Under this enactment, if that latest increase is reduced to 10 per cent for the Atlantic provinces, the increase applicable to us over the past 11 years is 147 per cent.

Reference has been made to the great benefit which the West has received through the Crowsnest Pass rates, which were fixed by agreement in 1897. True, that agreement involved the transfer of lands and other considerations. But let me point out that Newfoundland people were not outside the issue even at that time. As reference was being made to this question the other evening I recalled that as a boy living in the outports of Newfoundland I had heard a song being sung by families whose fathers and husbands had gone west to work on the building of that railway. I remember these words from a popular local song of the time:

A dollar a day,
With no sugar in your tay,
Working on the Crowsnest railway.

Well, years have passed, and today we find conditions so out of line that we still apply freight rates which were fixed in those days. Those rates are not and cannot be economic rates. They are only made economic for the railways by averaging the higher returns from traffic elsewhere in Canada.

Central Canada, which enjoys a competitive position, has not suffered the disadvantage by reason of freight rate increases that the Maritime provinces have. Therefore, I think the lack of freighting competition in the outlying areas should be taken into consideration when fixing transportation costs. The application of freight rates increases should be more uniform throughout Canada, and not bear so harshly on areas far removed from production and requiring long hauls, and particularly to areas where competition with the railway services is not strong.

In my province we suffer a further disadvantage in that the Trans-Canada Highway is not yet completed. Actually, it has barely commenced. It has been said that Newfoundland has more Trans-Canada Highway mileage yet to be completed than all the other provinces except Ontario. I am not sure of the accuracy of that statement, but I know the progress has been comparatively insignificant. Furthermore, apart from certain sections in British Columbia, the cost of highway building in Newfoundland is regarded as the highest in Canada. Surely, there should be some special provision whereby assistance to Newfoundland can be geared up. If we have to pay these high freight rates to the Canadian National Railways there should be some special provision whereby construction of the Trans-Canada Highway in Newfoundland could be proceeded with quickly. The percentage of cost applying to our province is altogether out of proportion with the provincial economy.

Honourable senators, with those few remarks I want to convey to you that we in Newfoundland have very special circumstances to consider. We are part of Canada. We are another province, but right down through the past ten years and up to the present day our special circumstances and needs have not received the consideration that should have been given them. The application of the freight rates—and in this connection I refer also to the Newfoundland freight rates of the C.N.R.—is one of the great disadvantages from which the province suffers.

Hon. Mr. Davies: May I ask the honourable senator from St. John's West (Hon. Mr. Pratt) a question? I understood him to say that as a result of Newfoundland's entering into union with Canada the freight rates of Newfoundland have been increased 147 per cent. Has the dominion Government provided any subsidy or assistance in that matter?

Hon. Mr. Pratt: In the matter of freight rates relief directly to Newfoundland?

Hon. Mr. Davies: Yes.

Hon. Mr. Pratt: No, not directly in the matter of freight rates concessions. There is a measure of relief in the application of freight rates on flour and other wheat products.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Aseltine, bill referred to Standing Committee on Transport and Communications.

CONVENTION ON ABOLITION OF FORCED LABOUR

RESOLUTION OF APPROVAL

The Senate resumed from Tuesday, June 2, the adjourned debate on the motion of Hon. Mr. Sullivan:

Resolved: That it is expedient that the Houses of Parliament do approve the Convention No. 105 concerning the abolition of forced labour, which was adopted by the International Labour Conference at its 40th session at Geneva on the 25th day of June, 1957, and that this house do approve the same.

Hon. William M. Wall: Honourable senators, a week ago we were privileged to listen to the honourable senator from North York (Hon. Mr. Sullivan) when the resolution now under consideration was moved by him with such persuasive sincerity, and with an eloquence in which every word demonstrated a burning passion for justice, truth and charitable good will expressed, if I may so

put it, in defence of the lot of the common man in whatever part of the globe and under whatever government he may now be living.

We have had now a further opportunity to read the address and to ponder the validity of the arguments which our distinguished colleague so skilfully presented, and I would like to digress at this time to point out that the final paragraph of his address was beautifully poetic and prophetic.

I venture to suggest that the ideal contained in this multilateral convention will receive the spontaneous, whole-hearted and unanimous support not only of all members in this chamber but, indeed, of all thoughtful Canadians. Our support of this ideal is predicated upon our common belief that systems or conditions of forced labour destroy man's democratic rights and hard-won privileges, undermine his sacrosanct freedoms, and transgress upon his inalienable rights to human dignity in his family and individual living. Hence, as stated by the Minister of Labour, forced labour conditions are repugnant to our social, economic and political institutions in Canada. We do not practice them. We can ratify this convention with a clear conscience.

By way of reference and perspective, perhaps I should bring to the attention of honourable senators our "batting average" on these international labour conventions. The convention now under consideration is numbered 105. Up to the present there are 111 such conventions. It may interest honourable senators to know that of the 111 we have thought fit for various reasons not to ratify 93 of them, most of them because they were considered to be wholly or partially within the legislative jurisdiction of the provinces. Others were superseded by newer conventions, and some we felt were not appropriate to be ratified by us because such conditions did not exist in Canada.

In moving his resolution the honourable senator from North York dealt briefly with this basic question: What deplorable forced labour conditions and in which areas of the world have led to the drafting of this particular convention? I should like to add to this historical survey of these deplorable and repugnant conditions, and to indicate at greater length what international action was attempted in order to try to eliminate and to suppress all forms of forced labour. I believe that this will place into sharper focus exactly what Convention 105 is about and what it could and might do.

I would like to consider first the problem of human bondage or servitude in the form of slavery. Slavery, honourable senators, is closely and directly related to forced labour, often in its severest form. Slavery problems have been dealt with in various international declarations and in peace treaties as far back as the Treaty of Vienna in 1814. Yet as late as 1926, after a two-year study by a Slavery Commission of the League of Nations, we found the need to draft an International Slavery Convention which was adopted by the Assembly of the League of Nations. This slavery convention of 1926, only 33 years ago, also dealt with aspects of compulsory or forced labour. This convention was finally ratified by 46 nations. Canada was one of the ratifying nations.

Then we might ponder on the significance of the fact that 30 years after this convention on slavery, that is in 1956, only three years ago, a supplementary convention on slavery was drafted and was signed in Geneva on September 7, 1956. Remembering that this is a 1956 convention, some of the provisions are most thought-provoking and morally challenging to the whole world. The articles, and there are 15 of them, deal with such problems as debt-bondage, serfdom, minimum ages of marriage, the problem of conveying slaves from one place to another, acts of mutilating, branding and otherwise marking slaves or a person of servile status, et cetera, et cetera.

This 1956 convention on slavery was ratified by 26 countries and, strangely, it has been signed but not ratified by Canada. I would be interested to know why we have not done so or why we might not be doing so concurrently with this particular convention.

The problem of the institution of forced labour as such was first taken up by the League of Nations in the early 1920's and it is of some interest to keep in mind that the obligations undertaken by the member states in the Covenant itself, and in the Mandate Agreements, really prohibited the use of forced or compulsory labour. Then we pause on the International Labour Organization report of 1929, 30 years ago. The report was concerned with forced labour mainly in colonial or dependent territories and it confirmed that there did exist two main forms of forced labour: (1) compulsory-type labour, ordered by public authorities for general or local public purposes, and (2) compulsory-type labour practices administered by private employers.

This report led to the convention numbered 29 adopted by the International Labour Organization in 1930. It is important enough that we might pause and examine its main aspects because of its relationship to the convention we are considering now.

This Forced Labour Convention of 1930, (No. 29) consists of 30 articles and these attempted to define and prohibit within a reasonable period of time all forms of forced labour. It came into effect in 1932, twelve

months after it was formally ratified by two states, in this case Ireland and Liberia.

By 1956 forty-one states had ratified this 1930 convention on forced labour, and since June of 1956 the following nations have acceded to this Convention: the Byelorussian S.S.R., Hungary, the Ukrainian S.S.R., the Union of Soviet Socialist Republics, Portugal, the Dominican Republic, the Federal Republic of Germany and Honduras. But Canada, no. Again I ask the question, why?

A brief review of the League of Nations and the I.L.O. would be incomplete if we did not mention that there were three additional conventions, Nos. 50, 64 and 65, dated 1936 and 1937. Most of them dealt with the recruiting and labour contracts of indigenous work. The important thing about the conventions of 1930, 1936 and 1937 is, that although these four conventions were adopted slowly, indeed they did help to foster greater freedom and justice in employment legislation and in employment practices, especially as they affected the colonies or dependencies of the Western democracies.

We might now turn our attention to the work that was done in this problem area of forced labour by the United Nations and by the International Labour Organization after the termination of World War II, a war which had brought in its wake disappointing and indeed terrifying evidence of man's inhumanity to his fellowman, even in this field of newer forms or modern adaptations of servitude and labour bondage.

Furthermore, it appeared that human servitude and forced labour conditions continued in some countries despite their formal acceptance of the provisions of the United Nations Charter and the Universal Declaration of Human Rights, in the latter of which article 4 prohibits slavery and servitude, and article 23 guarantees to every person his or her right to a free choice of employment and to just and favourable conditions of work. Suffice it to say that the United Nations, and especially the Economic and Social Council, together with the International Labour Organization, continued to be bombarded with complaints, memoranda and allegations from governmental and non-governmental sources, that there continued to exist in various parts of the world systems of forced or corrective labour of various degrees and of varying extensiveness, but all with their attendant injustices and inequities and transgressions or abrogation of human rights and essential freedoms. Accordingly, as was pointed out by the honourable senator from North York, only eight years ago, in March 1951 the Economic and Social Council adopted a resolution to co-operate with the International Labour Organization in setting up a joint *ad hoc* committee on forced labour. This was done in June of 1951, and in 1953 there appeared this United Nations document which I hold in my hand, entitled *Official Records of the Economic and Social Council,* Sixteenth Session, Supplement No. 13, Report of the *ad hoc* Committee on Forced Labour.

This lengthy and revealing document contains a very comprehensive report on forced labor which was prepared by this *ad hoc* committee. And on the basis of evidence submitted about or by the 17 nations and their dependencies, what were the general findings of this *ad hoc* committee, of independent, impartial experts? Six years ago there did exist forced labour for political considerations; and I would refer you to summary paragraphs Nos. 549 and 550, on pages 124 and 125 of this report. Secondly, there did exist forced and compulsory type of labour for economic considerations; and I refer you to summary paragraphs 553 and 554, on page 125 of this report. It is interesting that the committee felt it did not have sufficient evidence to make any valid comments concerning the allegations and the multitudinous charges of forced labour and injustices arising from mass deportations and concentration or punitive type labour camps.

Nobody accused Canada, honourable senators, but she did reply to a questionnaire regarding punitive, educational or correctional labour or other cases of compulsion to work; and as recorded on page 160 of this report the Government of Canada stated with complete justification, and I trust with enviable pride, that Canadian legislation neither makes provision for nor tolerates any form of forced labour as defined by the *ad hoc* committee in the questionnaire.

Then consider, if you will, the significance of the next development. The I.L.O. undertook follow-up studies of these apparently continuing and deplorable forced labour conditions, and in 1955, that is four years ago, it set up an I.L.O. *ad hoc* committee which reported in 1957, that is only two years ago. This report is labelled *Report of the I.L.O. Committee on Forced Labour,* and was presented to the second session of the International Labour Board Organization in Geneva on March 6 to April 1957, just two years ago. Its basic finding, which we find on page 3, stated in these words:

> The investigation of the UN/I.L.O. *ad hoc* committee—

I digress to point out that this was the 1953 report.

> —and of this committee revealed the existence in certain countries of three main forms of forced labour . . . which are characterized by the fact that they are imposed by the State in virtue of its legislation or through the action of the Executive.

And what are the three main forms of forced labour that are said to exist in this 1957 report?

(1) Forced labour for political purposes aimed at the correction of those who are opposed to the ideology of the Government in power.

I could quote from the various examples given, but there is no time to do so.

(2) Forced labour for economic purposes, generally in the form of compulsory type work on extensive projects, often in previously uncultivated areas or in remote mining, lumbering or hydro-project areas. The projects are based both on legislative and administrative provisions which permit recruiting and mobilization of labour and the setting up of work norms and the direction and disciplining of workers—and all this in order to carry out the economic plans ordained by the state.

I must confess, honourable senators, that I have found horribly and tragically depressing the summary statements in this report dealing with the People's Republic of China, especially paragraphs 128-133, to be found on pages 38 and 39.

(3) Forced migrations or mass deportations of ethnic or social groups for political or socio-economic reasons which led to the establishment of concentration or corrective labour camps or colonies... with their own unique forms of forced labour.

I refer especially to paragraph 496, at page 118 of this report.

In this specific reference to mass deportations it is significant to remember that the 1953 report hesitated to make definite comments; but the 1957 report does so, especially in view of new information about mass deportations and their attendant concentration camps supplied by Nikita Khrushchev himself, supplied in his famous oration at a secret session of the 20th Party Congress of the Communist Party of the U.S.S.R. on February 25, 1956. I quote from paragraph 422 of this report, in which Mr. Khrushchev expresses himself as follows:

> All the more monstrous are the acts whose initiator was Stalin and which are rude violations of the basic Leninist principles of the nationality policy of the Soviet State. We refer to the mass deportations from their native places of whole nations, together with all Communists and Komsomols without any exception; this deportation action was not dictated by any military considerations.
>
> Thus, already at the end of 1943, when there occurred a permanent breakthrough at the fronts of the Great Patriotic War benefiting the Soviet Union, a decision was taken and executed concerning the deportation of all the Karachai from the lands on which they lived. In the same period, at the end of December 1943, the same lot befell the whole population of the Autonomous Kalmyk Republic. In March 1944 all the Chechen and Ingush peoples were deported and the Chechen-Ingush Autonomous Republic was liquidated. In April 1944 all Balkars were deported to faraway places from the territory of the Kabardyno-Balkar Autonomous Republic and the Republic itself was renamed the Autonomous Kabardynian Republic. The Ukrainians avoided meeting this fate only because there were too many of them and there was no place to which to deport them. Otherwise, he would have deported them also.

Merciful and Almighty God in the Heavens —to think that such inhumanity has been visited upon those created in Your image in the name of a new political philosophy, and during the twentieth century!

And there is much evidence, honourable senators, that the Ukraine has been a vale of terror and tears. Just on May 10, 1959 the U.S.S.R. issued its new census information and, interestingly, between 1939 and 1959, which is a period of 20 years, the population of the whole U.S.S.R. grew from 190.7 million to 208.8 million, or roughly a gain of 18.1 million or 9.5 per cent.

Pray tell me how and why this happened. The population of the Ukraine during this same 20-year period grew from 40.4 million to 41.8 million, a gain of only 3.5 per cent, the population of Byelorussia fell from 9.9 million to 9.06 million, and the population of Lithuania fell from 2.8 million to 2.7 million.

And then, at this stage, perhaps I may be forgiven if I remind honourable senators that there are population figures for the previous 13-year period, 1926 to 1939, during the height of the sovietization of the Ukraine. During this 13-year period the total population of the U.S.S.R. grew by 16 per cent. But strangely enough, and tragically, the number of the Ukrainians in the U.S.S.R. dropped from 31.2 million to 28.1 million, or roughly 10 per cent of them vanished. And this three million population loss must be assessed or added to a normal gain of about five million. In the Ukraine the birth rate was very high, the highest in eastern Europe, so all this indicates a population loss of about eight million Ukrainians.

There are many other things one could talk about.

The press of the world talks from time to time about the grandiose plans started in 1954 by the Soviet Union to settle the virgin lands in the Kazakstau, in Siberia, and in the Far East. It is intended to have 1.5 million new settlers, and quickly. So one wonders how much fear and coercion and elements of forced labour are in this so-called magnificent voluntary effort. And why is there so much criticism that this is all aimed at the young men and women, especially those who are non-Russian and non-communist?

Honourable senators will forgive me for being carried away by the memory of tragic events which have befallen those of my ethnic

kith and kin simply for wanting to live as free children of God in their own and independent national homeland; and yet, these events we must remember too if we are to understand what it is that even this very simple declaratory Convention 105 dealing with forced labour is about.

Let us return to Convention 105.

The 1957 report of the I.L.O. Committee to which I had referred made this recommendation about this new convention which we are discussing, and I quote:

> The committee would naturally welcome action to prohibit all forms of forced labour which militates against the concept of human rights and the dignity and the worth of the human person but it must express its view that a primary consideration is that the new convention should be framed in such a manner as to ensure that it will be universally ratified with the least possible delay. It believes that such ratification would carry international effort for the complete abolition of forced labour a great step forward.

My comment is, perhaps so! Only time will tell.

Who can tell what normative and educational effects, the simple and generalized declarative statements will have upon governmental authorities operating upon one-party ideologies? Certainly the success and failure of this and other conventions concerning forced labour will depend primarily on full and willing co-operation of all states in the international community, and finally, upon the condemnation of this abuse of our fellow man by all men and women if they are permitted to know the truth, and if they are permitted to voice their innermost humane ideas.

One may well ask, "What good will this convention do?" For, although we do know something about the history of all labour conventions, and about their strengths and weaknesses, yet progress has been recorded in the problem area of forced labour, slow though it may be in some parts of the world. And the 1957 report validly points out that the question of forced labour has been successfully brought before the representative forum of international public opinion. It is true that Convention 105 has been simplified and diluted so that it may be acceptable to all; it is true that it has skirted the question of forced mass deportations; it is true that it contains no definitional or interpretative sections, which interpretations will be made by the responsible legal or other authorities of each signatory state; and it is true that some of the previous conventions we have mentioned were either not ratified or not observed, especially by those who would not subscribe to them.

However, we must find some moral solace in the progress that has been made, and in the fact that there was a discussion of the 1957 report by representatives of some 70 states, and that the Convention 105 was approved, I believe unanimously and with but one abstention.

And I believe further that Canadians generally will continue to hope that an international convention of this type may help to mobilize world public opinion against the evils of this form of human degradation and injustice, may prompt to legislative and administrative action the governments of countries wherever these forced labour conditions may still exist and thus may become a powerful force for human good, if, as the mover of the resolution stated, the convention instrument receives a large number of sincere and binding ratifications. This I also hope, and it is in this spirit of hope and idealism that I declare my wholehearted support for the Convention 105.

We recognize that ratification of any convention is a solemn declaration of intent to abide by its terms; and we know that a convention can be rendered sterile or nonfunctional even by the interpretations of the various terms in the convention instrument. As far as this convention is concerned, I believe that each nation reserves to itself a wide discretionary power of interpretation, adequate enough, perhaps, to deny the existence of forced labour conditions even if they do in fact exist. Despite wonderfully-sounding constitutions, forced labour systems were, and perhaps still are, practised in the very countries that speak most loudly and most often about the denial of freedoms, and the discriminations practised by the so-called imperialists and colonialists. We understand the significance of the queries and remarks of those who ask—even those who asked in this chamber—how many communist states have accepted this convention, and under what conditions, for many of them could hardly sincerely accept or carry out a convention of this kind without big changes in their social, economic, and perhaps political organizations.

Thus our idealism prompts us to support a convention which we hope might do some good, but our realism obliges us to remember not to place too great a burden of responsibility upon this latest in the long list of international conventions in the field of labour conditions.

I have some minor suggestions regarding our further action concerning Convention 105, once we have ratified it. I believe it is not good enough just to ratify it, file it away in a pigeon-hole and forget about it.

What are these suggestions? Let us—and I mean Canadian representatives everywhere —talk sincerely and effectively about the existing conditions which led up to this convention, about the reasons which prompted us to accede to it, even though Canadians

have never experienced forced labour legislation or practices, and let us speak loudly about our hopes and expectations for this convention. Let us continue to press the responsible committees of the I.L.O. to take appropriate steps to see that the reports and comments relating to instruments or practices of forced labour or mass deportations are examined with special care and speed. Let us give effective informational emphasis to the fact that states acceding to the convention must make an annual report on its application to the I.L.O., and to the fact that governmental bodies or any employers' or workers' organizations are entitled to make representations to the I.L.O. governing body that the convention is not being effectively observed. Let us not be unduly hesitant about utilizing a member's privilege and right to file complaints concerning non-observance of the convention, on the premise that our greater duty is to humanity and to the human rights and freedoms of the common man. With truth on our side, what an interesting informational opportunity in a human problem area, where truth will and can do so much good!

Honourable senators, I have spoken at length, because the problem has engaged my very sincere attention. I apologize for speaking at length and plead for your indulgence in understanding why I have done so.

I shall conclude by bringing to your attention one of the most challenging statements in a fascinating book which I have read and re-read, thanks to its initial recommendation to me by the honourable mover of this motion. The title of the book is *The Secret Name*, and its author is Lin Yutang. I quote one paragraph:

> And here I must register a point; if there is a brotherhood of men, the condition of labour in Soviet Russia is as much our business as slave labour anywhere else. I do not understand what the diplomats are talking about when they, in a tired tone of appealing for peace, quite jauntily speak of peaceful co-existence, without a qualm of conscience. Are not the slaves in labour camps in Hungary, Rumania and Siberia our brothers? It should have been the subject of repeated diplomatic protests and demands, now that the heads of states are so much occupied in public exchange of long letters. To what avail, the diplomats would say? To what avail the United Nations inquiry into Russian intervention in the Hungary revolution? Acquiescence in evil is an evil itself. No one is going to be dragged into a war because of condemnation of slave labour. The Communist world of slave labour, the size of an empire and an integral part of Soviet economy (its gold, coal, iron and water power) is a world of which the twentieth-century man should be ashamed to be a contemporary. The pressure of world opinion can help to relieve it, it cannot make it worse.

Hon. Jean-François Pouliot: Honourable senators, my honourable colleague who has just spoken (Hon. Mr. Wall) is a great humanitarian, and everybody admires his sincerity and eloquence. But let me point out that what is now before us is not a convention at all, but a draft convention, which originated in the United Nations. It is not the first time that such a document has come before us. On a similar occasion I called the attention of the then Minister of Justice, the Honourable Mr. Guthrie, to the fact that a similar so-called convention was not a convention, but was a draft convention, and only became a convention after it was accepted. It is a draft convention because it is unilateral. It may have been drafted not by two men of different groups, but by one man or a group of men who want to exalt noble sentiments which amount to pious wishes. All the speeches that were made on that so-called convention were purely academic. They were merely noble expressions of views about forced labour, about concentration camps, about deportation, which started in this country with the deportation of the Acadians a long time ago.

Canada is no better than any other country. Perhaps the other countries are worse than Canada in the manner in which different peoples have been treated, but I remember very well that during the war there were concentration camps in occupied France and there were concentration camps in the United Kingdom. The Government of England was so fed up with taking care of men who were guilty of being born in Italy that it sent them to Canada. We had to take care of them, and I remember that I asked many questions at the time about the number of carloads that were delivered every week to the people who ran the concentration camps. Those men had lost their liberty. It is true that they had as much beer as they wanted, which Canada was providing, but they were in a concentration camp. Everyone remembers that the mayor of a great metropolis of Canada was sent to a concentration camp because he did not agree with the Mobilization Act. He had to do some forced labour. I do not know to what extent he did it, but that happened in Canada.

All over Canada there were concentration camps. Some day I will ask how many concentration camps there were in Canada during the war. I am sure there were many. The war secrets are a thing of the past, and maybe it would be a good thing to have that sort of thing mentioned in the history of Canada which is taught in the universities and schools. Those are facts, and we who have been in politics know them, but how many teachers of history in Canada teach those facts to their students? None. The men who suffered deprivation of their liberty in Canada

suffered as did the men who were similarly deprived in other countries. In a famous opera of Wagner there were the voices of good and the voices of evil and the voices of evil were not heard. So in Canada the only voices that were heard were the voices of good telling about generosity, freedom, liberty, and all that kind of thing. It was nice to hear them.

I could make a very long speech about this and remind the house of some questions that were asked and answers that were given not far from here, but the only thing I will tell you about, honourable senators, is something that occurred under this roof in the session of 1936. There were seven actors: the Speaker of the House of Commons, the Clerk of the House of Commons, the Minister of Finance, the Leader of the Opposition, a messenger, the Sergeant-at-Arms and the then member for Temiscouata. There was a discussion in the Committee of the Whole, and the chairman was a very dear friend of mine. He is dead now but he was a very able parliamentarian. I had to complain about one of the Deputy Ministers, and, naturally, when I was complaining about him I was called a coward because I was attacking one who was not present—as if that man could not run as a candidate in any constituency in Canada and then defend himself in the House of Commons. My complaining was considered the wrong thing to do. I was interrupted so much by the Minister of Finance and the Leader of the Opposition that I was provoked to say to them that all I could do with them was to put them in the same bag and drown them like cats. Having said that I gathered up my papers and I left with majesty.

On the second day after that the young messenger came to my office, and he sat next to my desk and started to cry. He had been appointed a messenger on my recommendation, and he came to confide in me. I asked: "What is the matter? Have you lost your father or your mother or any other relative?" He said: "No, sir. After your vehement speech of the night before last they put me to cutting the ice and to filling the buckets in all the coolers in the building." It was forced labour! I cannot vouch for the revised edition of *Hansard* because it was often changed, and even the draft of the index was sent to each one of the cabinet ministers to be checked. That was done for a long time afterwards, but I do not know for how long. On October 6 I went down to see the Sergeant-at-Arms, and I told him: "You are a bunch of S. If that young messenger is not sent back home to recuperate I will hire the largest hall in town and I will hire the radio station and I will denounce you as a bunch of S." He said: "Send me the messenger." I said: "I will send him to you on one condition, that he be returned to his job as messenger and will not have to work as a slave." The boy had told me that he suffered from rheumatism, and on the first day he had bought a pair of rubber gloves. He added: "That was not enough. I had to buy another pair, and I am broke, and I cannot continue." I said to the Sergeant-at-Arms: "Mark you, if that man is not fairly dealt with I will do what I have told you I will do". He said: "Send me the messenger," in the same way as the Gentleman Usher of the Black Rod is directed at the appropriate time to summon the House of Commons to this chamber.

Do you realize, honourable colleagues, that they could not reach me, they could not corner me, so they attacked the poor little fellow and tried to crush him in their evil way. This is something that happened in the House of Commons. I do not know if at some time in the future the same kind of thing may happen again. This is a part of the history of Canada which is not taught to anyone. I could teach it, and I will in due course.

Resolution adopted.

SEEDS BILL

SECOND READING

Hon. W. M. Aseltine moved the second reading of Bill S-24, respecting the testing, inspection and sale of seeds.

He said: Honourable senators, we have heard a great deal this evening about forced labour in the abstract and now I am afraid it will be forced labour in the concrete. If and when this bill becomes law it will revise the present Seeds Act, which is chapter 248 of the Revised Statutes of Canada, 1952. The original act was passed in 1923 and it has been amended only four times since then. It is enforced and administered by the Minister of Agriculture, through the Plants Products Division of the Department of Agriculture and is the legislation which regulates the sale of seeds in Canada.

The Seeds Act establishes grades and minimum standards for seeds and the licensing of new varieties. It is associated closely with operations of the Canadian Seed Growers' Association, which makes recommendations from time to time. The act is the authority of the Department of Agriculture, Plant Products Division, to establish and maintain seed testing laboratories in various sections of the country. At the present time there are laboratories in eight centres: Vancouver, Edmonton, Winnipeg, Saskatoon, Toronto, Montreal, Ottawa, and Sackville.

Honourable senators might be interested to know how these laboratories work. The Plant Products Division maintains an administrative staff at Ottawa and an inspection

and laboratory staff in the field strategically located at the eight points throughout Canada I have just mentioned. There is an inspection staff of 80. In addition to enforcing the Seeds Act and performing crop and seed inspection for nearly 9,000 growers of registered and certified seed, the inspection staff is responsible for enforcing certain other statutes, such as the Feeding Stuffs Act, Fertilizers Act, Pest Control Products Act, and an act respecting inspection and sale of hay and straw.

The laboratory staff is composed of 110 seed analysts located at the same points as the inspection staff. It is responsible for testing seeds as a service to the public and for the analysis of official samples taken under the enforcement of the act.

During the fiscal year 1958-59, 181,117 tests were made on 73,871 samples received by the inspectors at these laboratories. The inspectors made 31,640 seed inspection visits and took 5,520 samples to check possible violations. Twenty-one lots of seed were detained during the year.

The Seeds Act is therefore the instrument which insures the reliability of seed grain sold to Canadian farmers. The purpose of this bill, as I said, is to revise the act to meet recent trends and development in the production, processing and merchandising of seeds. The bill contemplates no substantive changes in policy and is in a form similar to other agricultural statutes enacted in recent years. It provides for no basic change in the act, but the act contains certain provisions which need changing in order to conform with existing conditions. Representations have been made, as I have said, by the Canadian Seed Growers' Association and other crop improvement associations as to these changes.

Certain details of the present act are deleted, and provision is made to establish them by regulations, as has been done in other agricultural statutes passed in recent years. I might mention, for instance, the Fertilizer Act, chapter 27, 1957, which this bill follows very closely.

There are two examples which I should bring to your attention to show why changes are being made. First: under the present act pedigreed seed is classed as Registered and Certified. Registered seed is based on registration of crops by the Canadian Seed Growers' Association, and Certified seed is based on certification of crops by the Department of Agriculture. The Canadian Seed Growers' Association finds this a duplication, because both the association and the department serve the same purpose of guaranteeing pure seed to the purchaser. It has been urged by various associations that this duplication be done away with. The present act establishes classes and grades for seeds directly. This bill does not do that. It requires that seed must conform to prescribed standards, and provides that grades be established by regulations and for the use of the standards of the Canadian Seed Growers' Association. In this way grades and standards can be amended from time to time as conditions require.

The second example is this. The present act requires that new varieties of several kinds of crops be licensed before such seeds can be sold in Canada. This is still important but is becoming gradually unimportant, as farmers are now largely guided by recommendations made by agronomists as to the varieties: for example, seed wheat, which should be grown in local areas. In the area in which I live we grow Thatcher wheat, which is recommended by these agronomists. In other places, like Manitoba, where the rust epidemic occurs, they grow the new Selkirk wheat. I could give many examples of that kind. This bill does not specify the kinds of crops to which variety licensing should apply, but provides that they should be established by regulations.

Honourable senators, in summary, no change in substance takes place by this bill. It eliminates some items of detail which are now in need of revision and which may require to be revised from time to time, and provides that those details be prescribed by regulation.

I will now refer briefly to the sections of the bill: Section 1 is the title section. Section 2 is the definition section, and "seed" is defined in subsection (i). Section 3 deals with the sale, importation and exportation of seeds, except as provided by the regulations. Section 4 deals with regulations to be made by the Governor in Council, which, as I said before, will replace many of the details which are set out in the present act. Sections 5, 6, 7 and 8 have to do with administration, such as appointment of inspectors, their powers, seizure and detention. Sections 9 and 10 have to do with offences. Sections 11 and 12 have to do with evidence. Section 13 repeals the present act. Section 14 provides for the new act to come into force by proclamation.

Honourable senators, that is a brief explanation of the bill before us. If second reading is given to the bill I shall propose that it be sent to the Standing Committee on Natural Resources for further consideration, at which time officials of the Department of Agriculture will be present to give more detailed information.

I have before me a certain amount of information with respect to the Canadian Seed Growers' Association, which was organized in 1904 and incorporated by letters patent on

June 9, 1921, but I do not intend to say anything about their work as the hour is now quite late.

Hon. Mr. Vien: Would the honourable senator put that information on *Hansard*? It would be valuable information for all senators.

Hon. Mr. Aseltine: I would prefer not to do so, but if it is the wish of honourable senators I will.

Hon. Mr. Macdonald: Agreed.

Hon. Mr. Aseltine: Then with the permission of the house, I will place this information on *Hansard*.

THE CANADIAN SEED GROWERS' ASSOCIATION

The association was organized in 1904 as a national organization operated by seed growers engaged in the production of Registered Seed. The association is responsible for:

(a) the maintenance of accurate records of crop pedigrees and issuing crop registration certificates,

(b) directing the continuous multiplication of Foundation and Elite stock seed of old and new varieties sufficient to serve as a basis for the production of Registered crops,

(c) the acceptance of varieties for registration and the preparation and distribution of descriptions thereof,

(d) holding of itinerant annual meetings.

The Board of Directors is composed of growers and officers of the provincial departments of agriculture. The membership of the association for the 1958-59 year was 7,014. The association receives at the present time an annual grant from the Department of Agriculture of $44,000 for administrative purposes. An assessment fee on an acreage basis is levied growers to supplement the annual grant bringing in additional revenue averaging about $50,000.

Honourable senators, I hope this bill will meet with the approval of the house. I know it is a very important piece of legislation in the district in which I come from. In fact, in most provinces there is a Seed Dealers Act. I know there is one in Saskatchewan. A year or so ago I had the honour of incorporating a local seed company called Rosetown Seeds Limited. The members of that corporation were all young farmers who, when they were unable to sell their crops, except by quota, decided to go into the business of growing seed grain, such as different kinds of seed wheat, seed flax, seed barley, rape seed, and so on, and they have made quite a business of it. They were incorporated under the Saskatchewan Seed Dealers Act, which was passed particularly for the protection of the public to whom these dealers sell their seed. Before they can do any business at all they are obliged to take out a permit and also to furnish a surety company bond in the sum of $10,000 to ensure that they do business in a proper way and do not take advantage of any of the farmers who are not so well acquainted with the different kinds of seed grain as the dealers. I presume that all provinces have legislation of the same nature. The act requires them to keep proper weights, and identification of seed—

The Hon. the Speaker: Is the honourable leader also proposing second reading of that provincial act?

Hon. Mr. Aseltine: Oh, no. The reason I mention this is to show that there is a connection between the federal act and the acts passed by the provinces. I thought it might be of interest to honourable senators to know something about the Saskatchewan act, just by way of illustration. It requires seed dealers to keep proper weights and identification on seed purchased from farmers, to furnish farmers from whom seed is purchased with a receipt or ticket showing the true weight and the terms of the transaction, and to retain a sample of the seed and of any screenings taken from it in the event of any subsequent dispute with respect to quality or dockage. I thought possibly honourable senators might want me to mention the fact that the provinces have these acts, and that the provincial departments of agriculture work closely with the federal department of agriculture in the administration of the federal act.

Hon. Norman P. Lambert: May I ask the honourable senator a question in connection with the provisions of clause 3? Has he any idea of the volume of the trading in seed that is done between this country and other countries by specialized agencies, which I understand export selected seed of one kind or another to agencies in other countries which desire them? For example, I might mention what I think is an unusual transaction that takes place annually. From a certain area in Manitoba seventy cars of timothy seed are sent to Kentucky every year through a certain elevator firm that has an elevator there, and the grass seed that is shipped from that area is the basis of the blue grass of Kentucky that has become so famous.

We know too that there has been a good deal of traffic in seed potatoes between New Brunswick—

Hon. Mr. Aseltine: I do not think that they come under this bill.

Hon. Mr. Lambert: I was just wondering to what extent this particular clause would apply to that trade between Canada and, say, the United States. I doubt very much whether after these provisions come into force if there will be much chance of importing them.

Hon. Mr. Aseltine: We import not only seed grain from the United States. The Thatcher wheat that we grow now in great quantities was imported in the first place

from North Dakota. Among the exports, there is the grass seed from Manitoba just mentioned by the honourable senator from Ottawa (Hon. Mr. Lambert). And for many years northern Saskatchewan grew tons and tons of alfalfa seed which was exported all over North America.

Hon. Mr. Lambert: Red Fife came from Russia first of all, did it not?

Hon. Mr. Aseltine: I think possibly it did. I am unable at this stage to give the honourable senator any accurate estimate of what the export trade would amount to or how much seed we import, but perhaps I can get that information for honourable senators when the committee meets to consider the bill, and have it placed on the record.

Hon. Cyrille Vaillancourt: Honourable senators, I have read this bill thoroughly and I really think it is a great improvement over the present act. It makes the legislation clearer and shorter, and those in charge will be able to apply the rules in a more practical manner. I would draw attention of honourable senators to that part of the bill which deals with penalties. In the act as it is at the present time the fine amounts to only $5 minimum with a maximum of $25. It was an easy matter for growers, and I might say not only growers but wholesale stores, to gain much more out of infractions than the $5 they were fined. But under the provisions of this bill the minimum fine will be $50 in addition to one month in jail. That is salutary. I venture to say that many laws that are in force are inadequate in that they impose no important sanctions or penalties, and therefore cannot really be enforced. In the case of this legislation, however, those responsible for enforcing it will be enabled to apply the law rigorously. I will describe a condition that applies not only to growers of seed in Saskatchewan and Ontario but in many villages throughout the land. When I was an agronomist for the provincial Government of Quebec we frequently discovered that merchants would alter the labels on bags of seed to show a superior grade, or would take two or three pounds out of a bag of superior seed and replace them with seed of poorer quality. As a result the farmers would harvest a very poor crop.

This bill, as the Leader of the Government (Hon. Mr. Aseltine) says, is an important one. It is a basic factor in our agriculture, and especially now, when the cost of labour is so high that it is necessary to harvest good crops. By the use of good seed we increase the food content of the crops.

I am very glad this bill will be referred to the Standing Committee on Natural Resources.

Hon. Mr. Aseltine: Of which you are the chairman.

Hon. Mr. Vaillancourt: Yes, I am afraid of that. However, in committee we will be able to get more information, especially on the point raised by the honourable senator from Ottawa (Hon. Mr. Lambert).

Honourable senators, I approve of the bill.

Hon. Thomas Vien: Honourable senators, before the bill is given second reading I would like to say a few words. I am not going to make a speech especially after the reference to forced labour made by the honourable Leader of the Government (Hon. Mr. Aseltine), and to which all honourable senators have submitted.

I would like, however, to register my protest against the growing tendency to govern the country by order in council. If I have correctly grasped the explanation of the bill as given by the honourable Leader of the Government, it is proposed to eliminate from existing legislation certain sections that govern particular points and leave them to be regulated by order in council.

There are a number of laws on the statute books of Canada which give the Governor in Council power to pass regulations. That procedure is necessary in many statutes, I will admit, to render their application flexible. It would be quite impossible in the legislation itself to provide for all particular conditions or particular applications of the act.

Hon. Mr. Aseltine: It cannot be done.

Hon. Mr. Vien: It would be quite impossible to do that but it is preferable, to the full extent of its being practicable, that legislation should state what the citizens of Canada are obliged to do or not to do, and we should hold to a minimum what is to be dealt with by regulation under order in council.

I see in this particular bill another step in a direction that has been followed to a great extent in the past. It is a step that I deeply deplore.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Aseltine, bill referred to Standing Committee on Natural Resources.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, June 10, 1959

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

Prayers.

PRISONS AND REFORMATORIES BILL

FIRST READING

Hon. W. M. Aseltine, presented Bill S-26, to amend the Prisons and Reformatories Act.

Bill read first time.

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

Hon. Mr. Aseltine: Tuesday next.

PRIVATE BILL

FREE METHODIST CHURCH IN CANADA— FIRST READING

Hon. Norman P. Lambert presented Bill S-27, to incorporate The Free Methodist Church in Canada.

Bill read first time.

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

Hon. Mr. Lambert: With leave of the Senate, I would ask that the bill be placed on the Order Paper for second reading tomorrow.

Hon. Mr. Aseltine: Agreed.

Motion agreed to.

PETITIONS FOR PRIVATE BILLS

EXTENSION OF TIME FOR FILING

Hon. John J. Kinley, Acting Chairman of the Standing Committee on Standing Orders, presented the committee's third report.

The report was read by the Clerk Assistant:

The Standing Committee on Standing Orders make their third report, as follows:

Your committee recommend that the time limited for filing petitions for private bills (other than petitions for bills of divorce), which expired on May 27, 1959, be further extended to Wednesday, June 10, 1959.

The Hon. the Speaker: Honourable senators, when shall this report be considered?

Hon. Mr. Kinley: With leave of the Senate, I move that it be adopted now.

Report adopted.

66972-1—49

EXCISE TAX BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill C-47.

The report was read by the Clerk Assistant:

That the Standing Committee on Banking and Commerce to whom was referred the Bill (C-47) intituled: "An Act to amend the Excise Tax Act", have in obedience to the order of reference of June 2, 1959, examined the said bill and report the same with the following amendments:

1. Page 2, lines 12 to 32 both inclusive: Strike out clause 2.

2. Page 6: Strike out line 1 and substitute therefor: "13. Sections 1, 2, 3, 4, 10 and 11 of this Act shall be".

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

Hon. Mr. Brunt: Next sitting.

Hon. Mr. Hayden: Honourable senators, I would move that these amendments be taken into consideration at this time. It might be desirable to have an explanation of the amendments now and we could deal with their disposition afterwards.

Hon. Mr. Macdonald: Honourable senators, in order to consider the amendments today, according to the Rules of the Senate—

The Hon. the Speaker: There would have to be unanimous leave of the Senate.

Hon. Mr. Macdonald: Yes. However, I think there is merit in the suggestion of the honourable senator from Toronto (Hon. Mr. Hayden) that he explain the amendments now. We could then have a debate, which could be adjourned, if necessary. I understand that one honourable senator would like to speak to the amendments today because he will be absent tomorrow, and I think we should accommodate him.

Hon. Mr. Brunt: We could deal with the adoption of the report tomorrow.

Hon. Mr. Croll: Oh, no, I am opposed to that. I cannot be here tomorrow, because a very important event is taking place in Ontario at which I want to be present. I am prepared to go on now, or I can postpone my remarks until Tuesday evening, provided the debate will be completed in one day, and not in piecemeal fashion. If the debate is to take place today, then let it be completed today, so that the entire debate will be on the record to be read.

Hon. Mr. Macdonald: If I may be permitted to speak again, Mr. Speaker, may I say that it will be impossible for me to be here tomorrow for the very same important reason

that was given by the honourable senator from Toronto-Spadina (Hon. Mr. Croll).

Hon. Mr. Choquette: Every vote counts!

Hon. Mr. Macdonald: For that reason I would hope that the main debate on the motion will not take place tomorrow. However, I am not expressing that as a request. Whether or not the final disposition of this motion is to be decided tomorrow, I feel, and probably the honourable senator from Toronto-Spadina will agree, that an explanation of the bill should be given today. I understand it would be inconvenient for the honourable senator from Vancouver South (Hon. Mr. Farris) to be here on Tuesday, and therefore the two honourable senators I have mentioned could speak on the debate at a later date.

Hon. Mr. Brunt: Tuesday next?

Hon. Mr. Macdonald: Not necessarily Tuesday, but at some later date.

Hon. Mr. Farris: Honourable senators, as far as I am concerned, I intended to return here next week. I expected to take part in this debate, but found that I had an engagement in Vancouver on Tuesday that I simply must keep. I shall be here today and tomorrow. This is a matter that my colleagues from British Columbia and I regard as of great importance to British Columbia, and before I leave for Vancouver I should like to speak on it.

The Hon. the Speaker: Honourable senators, the amendments could not be concurred in today without unanimous consent of the Senate, which so far has not been given. It is for honourable senators to decide whether or not the chairman of the committee (Hon. Mr. Hayden) may explain the committee's amendments this afternoon. If honourable senators are agreeable this could be done without his making a formal motion for concurrence in the amendments. On the other hand, he could, with unanimous consent, make the motion and explain the amendments. Then any other honourable senator who desires to speak today could do so, after which the debate could be adjourned, if desired.

Hon. Mr. Croll: Honourable senators, in view of what has been said by the honourable senator from Vancouver South (Hon. Mr. Farris), I would be interested to hear him, for he always makes a great contribution to any debate in which he participates. I would be pleased to accommodate him, but as for the rest of the flock—nothing doing!

Hon. Mr. Higgins: Honourable senators, I want to know what the bill is all about, and I wonder if we could be given time to obtain a copy of it, so that at least we may be able to listen intelligently to an explanation of the proposed amendments.

Hon. Mr. Macdonald: The bill was distributed several weeks ago, and it was debated in this house and given second reading at least a week ago.

Honourable senators, if I may say so, I think it is important that the honourable senator from Toronto (Hon. Mr. Hayden) should be permitted to move concurrence in the amendments today, and that then the honourable senator from Vancouver South (Hon. Mr. Farris), should speak. After that the debate could be adjourned until some later date.

MOTION FOR CONCURRENCE IN AMENDMENTS —DEBATE ADJOURNED

The Hon. the Speaker: Honourable senators, is there unanimous consent that the motion for concurrence in the amendments may be made now?

Hon. Senators: Agreed.

Hon. Mr. Hayden: Then I move that the amendments be concurred in.

Hon. Mr. Macdonald: Explain.

Hon. Salter A. Hayden: Honourable senators, the substantial amendment which was made to the Excise Tax Bill is in relation to section 2, which deals with the matter of an export tax upon the export of power from Canada to any other country.

Now, this same section 2 also repeals section 4 of an existing statute of Canada, called the Exportation of Power and Fluids and Importation of Gas Act. Under section 4 of that statute there is authority for the imposition of an export tax on the export of power. The section provides that the Governor in Council is authorized to levy an export tax not exceeding $10 per horsepower per annum upon the export of electricity.

For years that tax, at an amount under $10 per horsepower per annum, has been levied by the Governor in Council and has been paid by the various power companies in Canada which are exporting electricity.

Hon. Mr. Aseltine: That has been done since 1925, has it not?

Hon. Mr. Hayden: Oh, yes, for a great many years. So that at the present time, quite apart from this provision being incorporated in the Excise Tax Act, the Government had the authority to impose the tax.

The only effect of transferring the authority to the Excise Tax Act and repealing the authority to tax in the Exportation of Power and Fluids and Importation of Gas Act is that under the Excise Tax Act the moment you levy the tax it is in a specific amount

per horsepower and there is no opportunity for the exercise of discretion as to the amount. The only way in which it could be changed would be by a subsequent act of Parliament.

In recommending that this section be struck out the committee is not disturbing the ways and means of Parliament, because the tax which has actually been levied and collected up to this date amounts to the same as the tax which it is sought to incorporate by virtue of section 2 of the Excise Tax Act.

We heard a great many witnesses, chiefly from British Columbia, who asked, among other things, that this authority to tax be left for the present in the Exportation of Power and Fluids and Importation of Gas Act rather than be transferred to the Excise Tax Act, and the reason they gave was a reason which influenced some members, at any rate, of the committee. They desire a flexibility at this stage because great power developments are in process in western Canada at the present time.

Representatives of the Peace River Power Development Company indicated to us their plans for the development of tremendous quantities of power in the west. I think their initial financing, which they must complete by the end of this year, would be of the order of $400 million or $500 million, and that ultimately when the whole power project is completed they will have invested something of the order of $1 billion. The market upon which the financing must rest, if that financing is to be secured, is chiefly and almost entirely at the present moment an export market.

They are in the middle of their negotiations for satisfying those who are to provide the finances that this thing is feasible and economic. This, of course, involves an examination of every element of cost, including even the matter of this export duty on power, as a factor in whether they can satisfy the financing authorities on the basis of the tax as it has actually been imposed under the present law. If the tax remains constant it is a question whether the financing authorities will insist on some readjustment or will go into the deal. Those are matters which have to be resolved between now and the end of the year.

Very frankly, these representatives said to us they would like to see the situation remain somewhat flexible for at least this year, because if they are unable to get financing on the basis of the export tax in the amount in which it is now levied they at least want to be in a position where they can come to the Governor in Council and present their case with the possibility that if he looks favourably on it he can, by virtue of his statutory authority, do something for them. But if this tax were transferred to the Excise Tax Act the amount would be fixed and nothing could be done about it before next session at the earliest.

Enough of the senators in the committee were influenced by the presentation which was made to carry the report, which recommends that we strike out section 2. I have already explained that this would not strike out any of the tax that Canada at present imposes. That tax exists by virtue of the Exportation of Power and Fluids and Importation of Gas Act. So by this action we are not in any sense depriving Canada of any revenue. If the report is adopted here, and if it is accepted ultimately in the other house, we shall be maintaining for the time being a situation in which there is at least an air of flexibility and elbow room for bargaining. That, I think, is what impelled the majority of the members of the committee to do what they did.

Hon. Mr. Aseltine: Did you say "lobby"?

Hon. Mr. Macdonald: I would not want the honourable senator to leave a wrong impression by his use of the word "bargaining".

Hon. Mr. Golding: With a majority of one.

Hon. Mr. Hayden: Possibly I should clarify both those points.

To me, a majority means any number over and above what the opposition has. I don't mind telling the house that the vote was 13 to 12. But suppose it had been 14 to 12, or 20 to 12, the result would still have been the same. This is a report which is being presented by the committee to this house, and the house is free to accept it or not as it pleases. No one is being deprived of an opportunity to vote. When a vote is called, any one is free to vote for or against the recommendation contained in the report.

As far as "bargaining" is concerned—that word seems to have disturbed at least one honourable senator—I was using it in the sense that if a tax is fixed in a statute there is no opportunity to talk to any person about it. No matter how intelligent you might be, or how intelligent any person to whom you were talking about it might be, or how strong your case might be, you would be going through an exercise in a vacuum, because that person would have no authority to give you the kind of relief you want. If relief is wanted for this financing, it is wanted right away: the parties concerned cannot wait until another session of Parliament is called.

These are not my conclusions, honourable senators; I am trying to say in my own language what was said before the committee. When I used the word "bargaining" I meant that the opportunity for bargaining exists under the Exportation of Power and Fluids and Importation of Gas Act. If the

authority to tax remains in that statute there will be at least an opportunity to talk to the Governor in Council who, if he is persuaded, can grant relief.

Hon. Mr. Roebuck: Would my honourable friend like to extend the expression "elbow room for bargaining" to income tax as well?

Hon. Mr. Hayden: I am not sure that my friend expects an answer to that question. I thought I detected in it a subtle undertone of sarcasm. But my friend and I have been good friends over such a long period of time that, had the question come from another quarter, I might have been more sure of such a conclusion.

To answer my friend directly, I would say "yes", without any hesitation. I would like to see in the taxing statutes the greatest opportunity for flexibility and discussion, leading, within reasonable limits, to a proper assessment. It is when you get into a strait-jacket that difficulties develop and you have so much dissatisfaction with the law.

Hon. Mr. Croll: "Bargaining" was the word, not "flexibility".

Hon. Mr. Golding: May I ask the honourable senator a question? Is it correct that the financing of the Peace River project has to be completed this year?

Hon. Mr. Hayden: In answering my friend I would say this: my friend was at the committee meeting and had the same opportunity to hear the witnesses that I had. Perhaps I heard them a little better than he did, because I was sitting right beside them. My understanding of the evidence, the printed report of which is not available at the moment, was that definite representation was made to us that the negotiations had to be completed by the end of this year so that the parties concerned could be able to say, "Yes, we are going ahead" or "No, we are not going ahead."

Hon. Mr. Roebuck: Was the evidence taken in shorthand?

Hon. Mr. Hayden: Yes.

Hon. Mr. Roebuck: Is it not printed yet?

Hon. Mr. Hayden: It has not been printed yet.

Hon. Mr. Macdonald: May we expect to have the evidence before we discuss this matter another day?

Hon. Mr. Aseltine: I made inquiries during the past two or three days, and yesterday I was informed that it was quite possible the evidence would be distributed this morning. However, up to the moment it has not arrived. No doubt it will arrive between now and next Tuesday.

Hon. J. W. deB. Farris: Honourable senators, I am a little embarrassed at the position in which I find myself in this matter. I always like to discuss a question when I know what the opposition is. From what I had heard and from inquiries I have made, I rather assumed that there might be a motion to have this question discussed in Committee of the Whole; and if that motion had been moved, whoever was taking the position of opposition would have stated the grounds as to why there is opposition to this report. I did not attend the committee meeting.

I may say honourable senators, that I had expected to come here next week in connection with other matters in the Senate, but I found that I had an engagement at Vancouver which had been made for some time next Tuesday, and which I just cannot miss. Then this matter came up. I got through court at 4.30 in the afternoon after a long case which had kept me busy for nearly two weeks, and I took the plane that night and got here yesterday after not sleeping. I am a little regretful at having to speak under these conditions. However, I very much appreciate the courtesy of the honourable senators in giving me this opportunity.

I think I should also say that for about 30 years I have been counsel for the British Columbia Electric Railway Company. I suppose any man who has acted for a big company for as long a period as that might be influenced by the interests of that company, but in this case my position is based not on any selfish interest that I have in the company but on my firm belief that what is in the interest of the British Columbia Electric Railway Company is, in this case, equally in the interest of the province of British Columbia, and anything that is in the interest of the province of British Columbia as a whole is mighty well in the interest of Canada as a whole.

Hon. Mr. Roebuck: "What is good for the General Motors is good for the United States."

Hon. Mr. Farris: Well, that may be so. I feel sure my honourable friend will agree with me. He and I have been friends for a great many years. We formed our first acquaintance when we were fighting a common cause before the Privy Council, when he was Attorney General of Ontario and I, who had at one time been Attorney General of British Columbia, was representing the then Attorney General of that province. Our relationships and confidence in each other have

continued up to the present time. I will be disappointed if in the end my honourable friend does not support my views in this case.

Hon. Mr. Aseltine: You are optimistic.

Hon. Mr. Farris: Honourable senators, the interests of the British Columbia Electric Railway Company and the British Columbia Power Commission, because it also has great power developments at this time, are the same. The B.C. Electric has some shares in the northern company. I have forgotten for the moment its name.

An Hon. Senator: The Peace River Company.

Hon. Mr. Farris: Yes, the Peace River Company. I have no shares in either company. Any shares which the British Columbia Electric Railway Company has in that company are not for investment purposes but are to encourage this company to go ahead with its power development in order to meet the requirements of those who are interested in securing power through the British Columbia Electric Company.

To anticipate what I shall come to in a moment, may I just say this, that the problem is one resting with two great companies in British Columbia having to do with the development of electric power in British Columbia. One is the British Columbia Electric Company and the other is the British Columbia Power Commission, which is a government-established and government-owned operation. Mr. Dal Grauer, the President of the British Columbia Electric Company, stated some months ago, and long before this question came up, that he and his company were concerned with the fact that they had reached the end of power development in the sites that were available to that company. They have power sites in the general vicinity of the Fraser River, and he said that they had to look in the future to power from the Columbia River, or from the Peace River, or the development of power by artificial means, and unless they could get some assurance that power could be secured from one of these sources they would have to go ahead now in order to develop nuclear power—"nuclear" is the word that was used—and spend many millions of dollars, and that would be a far more costly way of producing power for the citizens of British Columbia than taking advantage of either of these present great sources of power.

We all know, honourable senators, that as far as the Columbia River is concerned the friction, the controversies and the disputes between the United States and British Columbia on that question are delaying production of power from the Columbia, and nobody knows how long that is going to be held up. So neither the British Columbia Electric Company nor the British Columbia Power Commission can at this time wait for the development of the Columbia.

The alternative is the Peace River power, and the information which I have and which I believe—and those who were on that committee and who heard the evidence can be justified in believing the same thing—is that it is essential in order that the financing can take place, which involves millions of dollars, that some assurance be given to that company that it will be able to function.

I am going to follow my notes now, as far as I can, because of the short time I have had to study this question, and come back to that question in a moment.

It seems to me honourable senators, that the immediate problem is not one of Government financing at all, because, as the honourable senator from Toronto (Hon. Mr. Hayden) has just said, the tax involved as an export tax is now in existence, and whether it stays in existence under the order in council or is transferred to this taxing statute, in either case the tax will be the same amount, and the revenue to the Government will be the same in each case.

Now, is it advisable at this particular time to convert a tax existing by order in council into one imposed by statute? Honourable senators, in my short time here, during which I have discussed this with some of my friends, I found that the question of imposing taxes by order in council is, to their minds, a matter of grave concern. If that were the only issue in this case I would be 100 per cent with them, but what I want to impress on honourable senators, and particularly on my honourable friend over here who is nodding his head, is this, that that is not the primary issue at this time, because this tax by order in council was in effect under a Liberal Government for many years. It is not going to change the principle very much whether it is changed this year or next year. The real issue is: Are there reasons why it would be advisable to let the *status quo* remain for another year? If there are reasons why that would be in the public interest I do not think any abstract consideration of orders in council as against a statute should override immediate problems of public interest.

What would be the effect if that section were put into the statute? It would not show that we are opposed to orders in council, but rather that the tax is a good one and should be perpetuated. I could understand the logic if honourable senators suggested that the tax be done away with because it is administered under orders in council, but if

Parliament approves and passes it then Parliament has to take the responsibility for the proposition that the tax is a good one and ought to be perpetuated. So while the discussion will not end up with any argument that the tax should be abolished at this time, it is inevitable that the house must consider whether it is prepared at this time to put its blessing on this tax as something that ought to be passed by Parliament.

Once you are passing a statute you have to ask yourself, "Is the tax a sound one?" If it is not, you have no business to pass it, orders in council or no orders in council. Is it one which at this time should be approved by Parliament and given the permanence that necessarily goes in changing it from an order in council into a statute? The Liberals may well say that it must be a good tax because they supported it for a great many years, and the Conservatives are entitled to say that it must be a good tax because they are supporting it now. But in my respectful submission one neutralizes the other, and I think honourable senators should rely on their own independent thinking as to whether or not it is a good tax. It is the duty of the Senate to make its own decision not only on the question of whether it should be taxation by order in council or by statute, but also on the immediate question of whether this tax is good enough to justify our endorsation, notwithstanding the fact that the Liberal Government supported it in the past and apparently the Conservative Government is prepared to support it now.

Honourable senators, I am not leading to a suggestion that we should kill the tax altogether, but I am suggesting we should consider the merits of the tax before we pass it. My information is that it is a very unusual tax, and that the statute is not needed in order to preserve the national revenue for this year. My honourable friend from Toronto (Hon. Mr. Hayden) has made it clear that, whether this section is in or out, the tax remains unless the Government of Canada, for reasons considered to be in the public interest, decides it should be reduced or wiped out. However, if we put this amendment through, the flexibility will be gone and if problems arise next year which justify elimination or reduction of this tax for the purposes of providing power, particularly to the citizens of British Columbia, this could not be done until the next session of Parliament at the very earliest. Honourable senators will know how much more difficult it will be to do this, if this year we put our blessing on the section. Do not make any mistake about that. Let us assume that, as sometimes happens, there is a divided opinion in the present Government. I would expect there might be and that those from the west would have more consideration for the welfare of British Columbia than those from, say, Toronto. I do not know this, for I have never discussed it with any members. But if that is the case, then would not those who want to perpetuate this tax be in a lot stronger position with their own associates if they could say, "Only a few months ago the Parliament of Canada passed this legislation and declared it to be the policy of Canada"? It would be a lot tougher to get it changed for the welfare of British Columbia under those conditions than if the legislation were left as it is and we gave the Government a free hand and trusted in its fair-mindedness, so that if necessity arose it could change things overnight by an order in council.

If there are any here who would not trust the Government they might say, "Let us nail this down solidly and keep it there." But if you feel that this Government can be trusted to give fair-minded treatment, without having its hands tied by Parliament, I can see no reason in the world why the *status quo* should not be maintained.

Why is this tax here at the present time? It is not a question of why it was imposed some twenty-five years ago. A lot of water has gone under the bridge and over the dam since that time.

Hon. Mr. Isnor: Thirty-five years ago.

Hon. Mr. Farris: My position is getting stronger all the time.

Honourable senators, we must deal with the problem that confronts us now. It is a most unusual tax. My information is that there is no other natural product, certainly in British Columbia, on which there is an export tax. We must keep this in mind. There are great developments of natural gas and oil in Alberta, Saskatchewan and the Peace River country. Those resources are subject to depletion and one could understand the logic of protecting those resources from depletion by Americans by imposing an export tax, but no such tax has ever been imposed. In Ontario, Quebec and British Columbia, and to some extent in the mid-west, we have vast areas of timber that are subject only to forestry provisions for reclamation, and they are being depleted. There is a strong argument to have an export tax by the dominion to prevent the depletion of timber, fisheries, minerals, gas and oil, but there are no export taxes to protect those great resources.

As to electricity, how is it produced? It is produced by the damming of our water supplies and getting power from the water that falls over the dams. You cannot protect that natural resource. The water that goes over the dam and is not converted into

electricity goes out to the sea and is gone forever. Do not overlook that fact, honourable senators. An export tax cannot protect water power that is gone. "The mill cannot grind with water that's past." I believe there is a song to that effect. You will never be able to protect the natural resource of water that every day flows out into the ocean.

In the next place, this export tax is not necessary to protect the domestic consumer. A customs duty will protect the domestic consumer, but an export tax will not, except in a case where you have such a shortage of something in Canada that it is necessary to stop it from going out. Does that condition exist in this case? I can say it does not exist in British Columbia. The problem in that province is the very reverse of that. If in the next very few years we are going to be short of a supply of electricity, it will not be because of any extravagance in sending it to the United States, but rather because we do not develop those great natural resources of ours for our own country, and in addition for the United States market. Let there be no mistake about that, honourable senators. I am sure that my honourable friend who sponsored this bill in the Senate (Hon. Mr. Brunt), as well as those members who were in attendance in committee, will confirm the fact, from the evidence heard, that the export duty, in the amount involved, is not a protection to the local needs for electricity, but is a menace to it. We were told, and I think it is without question, that you cannot have this power developed in northern British Columbia and brought down to the coast except at very great expense. If on top of that expense this tax is imposed, we shall not have the United States market to supplement our own market. The same was true in connection with our oil and gas. We would never have had a supply of oil and gas for consumers in Vancouver and the mainland of British Columbia, where our great population is, unless it had been supplemented by a market on the other side of the line, which made possible the big type of financing that was necessary. And the big type of financing which was necessary in regard to gas and oil is far more necessary in the highly speculative proposition of bringing in electricity.

Now, my friends are opposing this. They say it is true that it may not be practical to bring electricity for five or six hundred miles from the north to the coast and over into the United States. But, honourable senators, present indications are that it is practical, and these hard-headed businessmen who are putting up their own money on this undertaking believe it to the extent that they are today spending several millions of dollars in experiments to make sure that is so. If it turns out that they are wrong they will lose their money, but it will not have done British Columbia or Canada any harm. If they are right, as we believe they are, it is going to be a great thing for British Columbia and the dominion of Canada.

Honourable senators, I repeat that, on analysing the tax in principle, it is clear that an export duty would not protect our natural resources. At the present time it is not possible that it would be for the benefit of the domestic consumer. On the contrary, as you who were here in the Senate have heard and as I was privately instructed, this tax, which is not tax on net income but is practically a six per cent tax on the gross returns and is imposed whether the company is making a profit or a loss, might easily be prohibitive to the financing of an undertaking of this kind. As I have said, the tax is not necessary in order to protect natural resources. The water goes over the dam, tax or no tax. It is not necessary in order to protect the consumer; its effect is contrary. It is not necessary in order to protect the revenue, because the Government in its wisdom—and I may say that although I do not support this Government I have a lot of respect for it—

Hon. Mr. Brunt: Hear, hear.

Hon. Mr. Farris: No man has ever heard me, either in this house or on the platform, challenge the good faith of this Government. I have an idea that the St. Laurent Government might have done better, but that is neither here nor there. We have this Government, and if we are good Canadians we must respect it and have confidence that if we leave the matter with it for the time being—not indefinitely, my honourable friend, but for the time being—while this problem of financing is being worked out, the Government will play the game in the interests of Canada and in the interests of British Columbia, and if it believes that relief can be given here to bring about the harnessing of this water that is today flowing away and being lost, then why in the name of heaven should we not leave things as they are for the time being until that problem is settled? Why should this question of orders in council, which has never been settled in the years that I have been associated with politics, be a stumbling block for, say, a year to a principle involving the welfare of the citizens of this country?

I want to point out in the next place, honourable senators, that this export tax has two very different features. As it has been applied, and I presume it is lawfully being carried out, the tax is imposed not only on *bona fide* exports but also on what I would term non-real exports.

This situation has developed in British Columbia: The British Columbia Electric Company has an agreement with the Bonneville Company located on the American side—I think it is in the state of Washington. That is a big electric power company in the United States. Now, it has happened and will happen in the future, in the generation of electricity, which depends entirely on water storage, that at one time there may be ample water in storage in the state of Washington and a shortage in British Columbia. At another time the water situation may have changed and the reservoirs in British Columbia may be more than sufficiently full for its immediate needs while there is a shortage in the state of Washington.

Now, there is an arrangement for the common benefit of the two countries, that if there is a shortage of water power in British Columbia which results in a curtailment in the production of electricity, the British Columbia Electric Company can borrow electricity for the time being from Washington, and when the conditions are reversed and they have an adequate supply of water in British Columbia, they can pay back in electricity what they owe to the power company at Bonneville.

Now, why in the world has there to be an export duty on that power that goes from Canada to be returned at a later date or *vice versa*? Even if a Liberal Government or a Conservative Government has done it, or both, what sense is there in penalizing an arrangement for a reciprocal standard interchange of power in that sense? I do not know. I am not initiating anybody to retain me, but if I had been retained I think I would be inclined to argue that that is not legal, that it does not make sense at all that this should be considered an export in the sense of the act. But we have to take the facts as they are, and certainly as long as this particular problem exists we are never going to get any change in that, and even if it is taken to the courts it will be a year or two before it can be cleared there.

May I ask the honourable Leader of the Government (Hon. Mr. Aseltine) if that situation was brought to the attention of the Senate before second reading was given to the bill? Was it drawn to the attention of the House of Commons when the bill was before it?

Hon. Mr. Aseltine: The power companies from British Columbia have made representations to the House of Commons and the Government for at least 25 years on this same point.

Hon. Mr. Farris: Maybe they have.

Hon. Mr. Aseltine: They admitted it in the evidence given before the committee.

Hon. Mr. Farris: They never made these representations under the critical conditions that exist at the present time, though. And why is my honourable friend so concerned about this? Has he become at last a convert to the theory that you must not do anything by order in council? If I thought that he was really converted, and that the whole Government was really converted to that, and that it was not going to stop with this bill but would bring down legislation to repeal every provision in every statute empowering it to act by order in council, I would say let us go ahead and pass this bill. But why is it being done in this one isolated case? The present arrangement is giving the country revenue. The tax is levied by the Government, in which the honourable Leader has the utmost confidence, and even Parliament have confidence that once this problem has got over its acute stage the Government of Canada, headed by the Prime Minister and his colleagues, will do justice on this occasion as the exigencies of the case may demand and will not be tied up by a hidebound piece of legislation that makes it impossible to do anything until the next session; and even to change it at the next session would bring on criticism because the public would likely ask why a tax enacted only a few months ago was being repealed.

Hon. Mr. Davies: Will the tax not be just the same whether it is gathered by order in council or under the Excise Tax Act?

Hon. Mr. Farris: Of course it will, with this difference, that if the tax is put on by Parliament it could not be changed except by another act of Parliament, but if you leave it to the Government and in the meantime the problem justifies some relief, then the power is there to give it overnight. It is a question of practical administration of this problem. After all, we are not concerned with theories in these matters. These are practical matters and they have to be dealt with as practical concerns in the administration of the public affairs in the interests of the people of Canada.

I may say just at this point that, as far as I know, our British Columbia senators are a unit on this question. The honourable senator from Victoria (Hon. Mrs. Hodges) is not here, but I am sure she has the same view as the rest of us.

Now there is a peculiar—I am not certain whether "paradox" is the right word, but you will understand what I mean. In British Columbia we have, I believe, the greatest

power potential on the North American continent—the Columbia River and the Peace River power possibilities—and while we have that on the one hand, we are simultaneously threatened with a power shortage on the other. Nobody needs to be told that this is an undesirable condition, to have at our door this power potential at a time when we are threatened with a power shortage. Mr. Dal Grauer said long before this issue came up that we are threatened with a power shortage in the immediate future in British Columbia. The first and foremost consideration of every senator in Canada should be to ask, "Is there any way to break that deadlock and to secure that power as speedily as possible for the citizens of Canada?"

As I have said, Mr. Grauer has intimated that in the development of his company they expect to spend in the next five years several hundred millions of dollars. I am not very good at figures and I am not sure whether it is 3.5 hundred million or five hundred million. As we all remember, somebody once said, "What's a million dollars?" In any event, whatever the amount, it is a tremendous sum, and it is part of the development inspired by the imagination of these men who are in charge of the development of our resources in British Columbia, of whom Mr. Grauer is one. He says that he must look to one of two sources, the Peace River and the Columbia. In the case of the Columbia, there is no immediate prospect; he cannot wait for it. There is, however, an immediate prospect in the Peace River, if the company is prepared to continue spending money as it is spending it to prove the feasibility of what it wants and is able to find it. But the biggest stumbling block would be the unresponsive action of Parliament to the company's request, and to have that merely because someone wants to do away with orders in council and picks on this instance regardless of the interest that may be involved.

Mr. Grauer has said that if he cannot get within the reasonable future an assurance that this development is going ahead, he will have to start spending his company's money on thermo power processes, which will cost infinitely more. That expense would ultimately fall on the consumers of Canada, particularly on those in British Columbia.

Honourable senators, as I have said, this applies not only to the British Columbia Electric Company, but also to the British Columbia Power Commission. I received a telegram from Mr. Bennett, Premier of British Columbia. Copies were sent to my honourable leader (Hon. Mr. Macdonald), and I believe also to the honourable Leader of the Government. My leader has been good enough to hand me his copy. Let me say that if this were a purely political matter, I would not be recommending for your consideration anything Mr. Bennett said. But Mr. Bennett enjoys the support of a very large majority in the province. Whatever else we may say about him, he is a practical businessman; he has made a success of his own business, and he is greatly concerned because the British Columbia Power Commission, a creature of the provincial Government, is running neck and neck as a rival to the British Columbia Electric in regard to the development of power.

As I say, Mr. Bennett sent a copy of this telegram to the two leaders in this house and to myself. Let me read it to you:

> Several aspects Columbia River negotiation seriously prejudiced by placing electrical energy export tax inflexibly in Excise Act. Its retention under cabinet control by regulation preferable if tax cannot be eliminated at this time. Canadian considerations of recapturable export of electrical energy cannot be objectively entertained when an approximate six per cent cost item is inflexibly built into the Canadian sale price. Suggest that this item be dealt with only on presently provided basis (not as proposed by amendments) until Columbia decisions are complete as to necessity or desirability of temporary export of electricity and integration of systems. This argument most pertinent when consideration of system interchange is involved as this tax is in effect paid only by British Columbia consumers. Moreover surplus electricity which energy board might approve for export cannot in any event be stored. Three-tenths mill impost simply makes Canadian power non-competitive if American sale were desired.
>
> W. A. C. Bennett, Premier of British Columbia.

It may be that no honourable senator is a supporter of Mr. Bennett. Certainly I am not one of his supporters. The fact remains, though, that he is Premier of British Columbia, and if any man is authorized to speak for the welfare of that province, he is. There is no reason in the world why he should make these representations to the Senate except in his honest belief that it is in the interest of the country that this tax should not be made inflexible at this time.

Hon. Mr. Roebuck: Is he not the chap who gave away an empire of public resources to private enterprise?

Hon. Mr. Farris: I am not aware that he did. I have heard a lot of socialists make that statement, but I am not aware that that is so. It is illustrative of his policy with regard to a rather grand adventure, but nothing has yet been given away. As I understand it, all that has been done so far is to give an opportunity to certain men to spend their money in British Columbia to see if there is a possibility of development there. If there is, I presume the opportunity for giving away something may arise. But so far it has not happened.

I say to my honourable friend that I don't think it is quite fair to interject that comment into the situation here, because we are entitled to assume that when a man who holds the responsibile position of Prime Minister of a province makes representations of this kind they are at least entitled to respectful consideration. I point out that I am no more a supporter of Mr. Bennett than is my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck).

I have here a memorandum which was signed by Mr. Bruce Robertson, one of the Vice-Presidents of the B.C. Electric Railway Company, and by Mr. Mainwaring, President of the Peace River Power Development Company, in which they point out certain things. I understand copies of this memorandum have been sent to some honourable senators.

Hon. Mr. Hayden: It was before us in the committee.

Hon. Mr. Farris: The memorandum says that not less than 500,000 kilowatts must be promised if the consumption at the beginning of the organization is going to pay, and if the financing is to be feasible. They say that the company will be ready for operation about 1966, and that at that time there will not be enough consumers in British Columbia through the B.C. Electric and the B.C. Power Commission to consume that quantity of electricity. Unless there is an opportunity to export a small amount also to the United States, corresponding with the sale in British Columbia, this scheme will not be feasible, and they made the unqualified statement that the tax which will amount to 6 per cent of the price per kilowatt hour will make it an impossible venture.

So there is not going to be this development, if these men are telling the truth, and there is no reason why they should not be telling the truth, unless there is some prospect of, to use my honourable friend's word, bargaining in a respectable sense—"negotiations" is a better word—unless there is some prospect of negotiations between this company and the Government of Canada to discover some way in which this development can be encouraged to the extent that it will be able to go ahead. It seems to me it all narrows down to that.

Honourable senators, I wish I could be here when my honourable friend the Leader of the Government explains his position on behalf of the Government. What is all the haste about this? How is the Government policy affected unless, as I say, it has been completely converted to the idea that orders in council are so bad that they are now a curse and cannot be tolerated at all? Why is there any Government objection to allowing the *status quo*, to which they have been a party as well as the Liberals, remain for another year? By that time Parliament will know if the enterprise is feasible. If it is going to collapse, we will know. If by that time Parliament has lost confidence in the good sense and judgment of the Government, the opportunity will be left to deal with that.

I want to call the attention of honourable senators to another very important factor in this, namely, that there is now before this house a bill to provide for the establishment of a National Energy Board, Bill C-49. I understand it had the unanimous support in its present form of the Liberals and Conservatives in the House of Commons. I do not know what the two or three Socialists did about it. I presume they opposed it, but it had the unanimous support of the Liberals and the Conservatives, who alone are represented in this house. I presume there is no question that this bill will be passed in the Senate, and I want to call attention to what section 44 of the bill provides. Section 44 reads:

> The Board may, subject to the approval of the Governor in Council, issue a certificate in respect of a pipe line or an international power line if the Board is satisfied that the line is and will be required by the present and future public convenience and necessity, and, in considering an application for a certificate, the Board shall take into account all such matters as to it appear to be relevant, and without limiting the generality of the foregoing, the Board may have regard to the following:
>
> (a) the availability of oil or gas to the pipe line, or power to the international power line, as the case may be;
>
> (b) the existence of markets, actual or potential;
>
> (c) the economic feasibility of the pipe line or international power line;
>
> (d) the financial responsibility and financial structure of the applicant, the methods of financing the line and the extent to which Canadians will have an opportunity of participating in the financing, engineering and construction of the line; and
>
> (e) any public interest that in the Board's opinion may be affected by the granting or the refusing of the application.

Honourable senators, I think that my friend the Leader of the Government has no doubt that the Senate will support this bill. It was the subject of a prolonged discussion in the other place. It is the result of recommendations made by the Borden Commission. If my memory serves me correctly, the Borden Commission was set up before the last election.

An Hon. Senator: No.

Hon. Mr. Macdonald: It was set up between the two elections.

Hon. Mr. Farris: With that kind of legislation any argument there might be as to the necessity of this tax to control the export of electricity is gone. If Bill C-49 is sound and if this principle is going to be adopted by Parliament, as it will be, why all this hurry to pass the present bill in anticipation of that?

Another section of Bill C-49, namely, section 50, reads:

> The Board may make orders with respect to all matters relating to traffic, tolls or tariffs.

The words are "traffic, tolls or tariffs". I suppose that includes "exporting", but that will be subject to this bill if it is passed. If it is not passed then this board which, no doubt, will be one of great competence, will have the right to deal with those matters.

I think honourable senators—and I include my honourable friend who has not smiled on me very much—should recognize the importance of this measure and its material effect on the present bill.

In conclusion, honourable senators, I want to say that so far as the question of orders in council is concerned it is a pretty far-fetched argument to say in regard to legislation that has existed for years, and that has been countenanced by the members of the House of Commons and by every senator who is now in this house as well as by many who are dead and gone, that the question in balance between the principles of an order in council and of a statute must be decided now. That can be left until there is a new utility commission which will deal with these matters under Bill C-49. It seems to me that you are worrying about a harmless order in council. You are raising an unnecessary problem that really does not arise at this time. I have pointed out my reasons why this bill should not have the approval of this house without at least another year's consideration. The mere fact that the tax has been passed by one Government and endorsed by another is a good enough ground for saying that the present discussion is not directed towards wiping out this tax. The present discussion is directed only to the problem of keeping the *status quo* until there has been a reasonable time for British Columbia and other provinces to have an opportunity to solve their problems. Why not leave it alone? Why not let us try to work this out? Why not let us have confidence in the Government that it will be co-operative in this matter. Why not leave this matter to fair discussion and maintain the *status quo* at least until next session?

On motion of Hon. Mr. Aseltine, debate adjourned until Tuesday next.

66972-1—50½

NATIONAL ENERGY BOARD BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. Gunnar S. Thorvaldson moved the second reading of Bill C-49, to provide for the establishment of a National Energy Board.

He said: Honourable senators, I am sure you will agree that this bill is one of the most important measures to come before Parliament this year. Briefly, the purpose of the bill is to ensure to the Canadian people the best use of the energy resources of this country. As a background to a review of the bill which I propose to make, I wish to refer to the Royal Commission on Energy which was appointed by order in council on October 15, 1957. I would like to mention the membership of that commission, which was comprised of a distinguished group of Canadians. The chairman, as is well known by honourable senators, was Henry Borden, C.M.G., Q.C., Toronto, and the members were J. Louis Levesque, Montreal, George Edwin Britnell, Saskatoon, Gordon G. Cushing, Ottawa, Robert D. Howland, Halifax, and Leon J. Ladner, Q.C., Vancouver. Shortly after the commencement of the sittings of the commission Mr. Cushing was appointed Assistant Deputy Minister of Labour. Consequently he resigned his post on the commission and was replaced by Professor R. Macdonald Hardy of Edmonton, Alberta.

I would like to recite part of the preamble of the order in council which appointed this commission:

> That, inasmuch as Canada has within its boundaries large sources of energy in the form of gas, oil, coal, water and uranium, the increasing need of energy for the growing industrial requirements of Canada renders it of the greatest importance to assure the most effective use of those resources in the public interest;
>
> That it is desirable that an investigation be made now into a number of questions relating to sources of energy in order to assist in determining the principles and procedures to be applied in the administration of certain aspects of energy policy which fall within the jurisdiction of the Parliament of Canada; and
>
> That it is desirable that a suitable form of organization be devised to ensure that present and future Canadian requirements for energy are taken fully and systematically into account in granting licences for the export of energy or sources of energy.

Then the commission was requested to inquire into and make representations concerning certain matters, and I would like to recite two or three of the paragraphs in that regard:

> (a) the policies which will best serve the national interest in relation to the export of energy and sources of energy from Canada;
>
> (b) the problems involved in, and the policies which ought to be applied to, the regulation of the transmission of oil and natural gas between provinces or from Canada to another country, including, but without limiting the generality of the foregoing, the regulation of prices of rates to be charged

or paid, the financial structure and control of pipeline corporations in relation to the setting of proper prices or charges, and all such other matters as it is necessary to enquire into and report upon, in order to ensure the efficient and economical operation of pipelines in the national interest;

(c) the extent of authority that might best be conferred on a National Energy Board to administer, subject to the control and authority of Parliament, such aspects of energy policy coming within the jurisdiction of Parliament as it may be desirable to entrust to such a Board, together with the character of administration and procedure that might best be established for such a Board;

In pursuance of the provisions of the order in council the commission proceeded to hold public hearings in various cities in Canada, namely, Victoria, Calgary, Regina, Winnipeg, Toronto and Montreal. During those sessions there were 8,500 pages of evidence taken before the commission.

The first report of the commission was presented to the Government in October, 1958, and a second report is presently in process of completion and will, I understand, be presented to the Government in due course.

The second report will deal with certain problems in respect of crude oil, which are not dealt with in the first report. As a further background to the review of the bill which I propose to give, I would like to present a few figures in regard to the tremendous developments of energy resources of Canada, particularly natural gas and oil, that have taken place since the discovery of Leduc No. 1 in Alberta in February, 1947. When I mention Leduc No. 1 I refer to the first oil well which was discovered in that area of Alberta by Imperial Oil Limited. Within two years of the discovery of Leduc the estimate of crude oil production in Alberta was 100,000 barrels per day. The total Canadian consumption at that time was estimated at 290,000 barrels per day. By 1959, however, one decade later, western Canada crude oil production runs at a rate of about 500,000 barrels per day, which is now equivalent to roughly two-thirds of total Canadian oil requirements. In 1959 crude oil was Canada's leading mineral in value of production, exceeding $400 million. In 1958 exports of crude oil were over $73 million, and now by virtue of the removal of certain barriers to the export of oil to the United States it is confidently expected that this figure will be considerably increased.

There have also been parallel developments in the natural gas industry. In 1949 the proven reserves in Canada were 5 trillion cubic feet. By 1958 the proven reserves had increased to 25 trillion cubic feet. In 1949 net production of natural gas in Canada was 60 billion cubic feet. In 1958 the net production of natural gas was 336 billion cubic feet. Further large increases can be expected to follow the recent construction of major pipe lines and the opening of markets on the west coast and also in Ontario and the Montreal area. Besides that, applications to export large quantities of gas to the western United States have recently been approved by the Alberta Government, and related applications are now pending, awaiting action by the Government of Canada and by the United States Federal Power Commission.

One of the urgent reasons for the passage of this measure is that it provides administrative machinery for making appropriate disposition of these pending applications for gas export licences. Also, in regard to natural gas, it should be noted that the production and transmission of gas have been accompanied by a remarkable development in by-product industries in Canada, such as sulphur, gasoline, propane, butane and other products. There are now 22 plants in Canada processing natural gas and recovering its by-products.

Further, in regard to investments in the oil and gas industry, these, of course, as we all know, have been quite enormous in recent years. In the decade ending in 1958 the cumulative investment total in the oil and gas industry in Canada was $4.4 billion, and that was excluding land acquisition costs. These figures cover only direct investments and do not take into account the secondary investments which result from them, such as those in new industries supplying the oil industry, the manufacturing of pipes for pipe lines and other purposes in connection with the oil and natural gas industry. This development has only begun, and will be much greater in the future, hence requiring the attraction of still larger sums of capital. Therefore, it is so necessary to have a favourable investment climate in Canada so that capital may have a prospect of reasonable and fair returns within the framework of a stable and realistic Government policy.

In general it should be said, honourable senators, that in most important respects the bill adopts the recommendations made in the first report of the Borden Royal Commission on Energy. On the other hand, some of the recommendations of the report are not translated into this bill, and in other cases they are accepted in part and rejected in part. The first point to be mentioned in regard to the bill is that it attempts to provide simpler machinery for dealing with matters relating to oil and gas and pipe lines to transport them, than existed in the past. The Board of Transport Commissioners has had certain responsibilities in respect of the construction and operation of pipe lines under the Pipe Lines Act, while the Minister of Trade and Commerce has also had certain

responsibilities under the Exportation of Power and Fluids and Importation of Gas Act. So in the case of gas exports involving pipe line construction, applicants have been required in the past to satisfy two different agencies, namely, the Board of Transport Commissioners and the Minister of Trade and Commerce.

The bill will replace the Pipe Lines Act and the Exportation of Power and Fluids and Importation of Gas Act. It will concentrate within a single agency of the National Energy Board the functions formerly carried out by the Board of Transport Commissioners and the Minister of Trade and Commerce in respect to export and import licences for gas and export licences for electric power.

Also, certain sections of the Railway Act are incorporated in this bill by reference.

In respect to securing information, the board will be entitled to exercise the powers of commissioners under Part I of the Inquiries Act. That is, the board will have the power to summon witnesses and require them to give evidence on oath or affirmation, and to produce such documents as the commissioners deem requisite.

I come now to the part respecting control over the construction and operation of pipe lines and international power lines. A broad function of the board will be the exercise of control over the construction and operation of pipe lines for the transmission of hydro carbons and the issuance of certificates of convenience and necessity to authorize the construction and operation of such pipe lines. This function applies in a similar manner to international power lines. This part of the bill, as it relates to pipe lines, is drawn very substantially from the present Pipe Lines Act, and the National Energy Board will replace the Board of Transport Commissioners as the responsible agency in regard thereto. In the same way, the National Energy Board will replace the Board of Transport Commissioners in its former function of regulating the transmission charges of both oil and gas pipe lines.

All certificates of convenience and necessity issued by the National Energy Board to build and construct pipe lines are, in this bill, subject to the approval of the Governor in Council. It is deemed that new major pipe line projects appear likely to raise problems of national policy so important that decision on them should be reviewed by the Government of the day.

Now, in regard to licences. Recommendation 16 of the Borden report suggested that the National Energy Board be authorized to require any company engaged in the transmission across provincial boundaries of hydro carbons to obtain a licence from the board. These licensing recommendations are not being implemented in the bill, as it was deemed that the hearing upon and the issue of certificates of public convenience and necessity was sufficient for all purposes, namely, that after such a certificate being issued to a pipe line a licence would be superfluous. All this applies to operations of a pipe line within Canada. There is a provision in the bill to ensure that a certificate may be suspended or revoked if its terms are violated or if the operation of the pipe line is conducted not in compliance with the act or the regulations.

In addition to the certificate procedure for pipe lines the bill provides a parallel set of arrangements for international electric power lines. As is well known, licences for power have in the past been issued under the authority of the Exportation of Power and Fluids and Importation of Gas Act. Under the present bill, however, the certificate procedure is applied in respect of the construction of the physical facilities to export power in the same way as respects the export of gas. The export of power will require a licence as before, but it is to be issued through the same agency as will govern pipe lines. namely, the National Energy Board established under this act.

It is not intended to impose any regulations upon the construction of interprovincial power lines, since most large systems are either provincially owned or under close provincial control, and are merely interconnected one with the other.

I would now like to deal very briefly with the criteria which the bill will require the board to apply in dealing with applications for certificates of public convenience and necessity for pipe lines and international power lines.

The problem here was to see that the criteria were not too restricted and, on the other hand, that they were not so general that the board had insufficient guidance on which to act. In these matters regard was had to section 12 (3) of the Pipe Lines Act, recommendation 21 of the Borden report, section 15 (3) of the Aeronautics Act, and the set of 24 points which the Board of Transport Commissioners had embodied in a memorandum for its own guidance and the guidance of applicants.

Now I come to traffic, tolls and tariffs, in Part IV of the bill. This is perhaps the most important single new feature of the law in respect to these matters.

The Pipe Lines Act provides for control of the traffic, tolls and tariffs of oil pipe line companies once such companies have been declared by the Board of Transport Commissioners to be common carriers. However,

although the major oil pipe lines have, in fact, acted as common carriers, they were never declared by the board to be such, and accordingly their traffic, tolls and tariffs have never been controlled. Also the charges of gas transmission pipe lines have not been subject to any control.

Gas prices at the point of production are regarded by the province of origin as being under their jurisdiction, and gas prices to the ultimate consumer are controlled by the province in which consumption takes place. The Government of Canada has had the power to exercise control over the price of gas being exported, under the Exportation of Power and Fluids and Importation of Gas Act, but it has long been felt by many people that the gap in regulation of the price of gas between the point of first sale and the point of sale to distributors in the area of consumption was a gap which in the public interest should be closed.

The case for regulation of gas transmission charges is straightforward. The commodity which gas transmission companies provide is in competition with other energy sources, so that they are not so clearly in the position of a monopolistic public utility as are, for example, water services. However, few if any of their customers can turn to another source of gas, and if they do turn to another energy source they incur the expense of installing different equipment. The gas transmission companies are therefore in a partial monopoly position, and the public interest requires that they should demonstrate that their rates are not such as to constitute exploitation of that quasi-monopoly position.

At the same time, since they must compete at the point of origin for supplies of gas, and compete at the point of sale with other fuels and energy sources, there is a substantial element of risk for gas transmission companies. For this reason they must not be prevented by regulatory action from earning a return sufficient to attract capital, nor must management be deprived of the normal incentive to improve efficiency.

Now, what about oil pipe line operations? Here, there is the added factor that it is more feasible for the pipe line's customers to obtain their oil from other sources. Also, the competition between oil and other fuels is perhaps more intense than the competition faced by gas, and the results of oil pipe line operations are accordingly more subject to fluctuation. Some oil producers can find an outlet to a market through only one pipe line, and some refineries are similarly dependent on one pipe line. Oil pipe lines therefore have some of the characteristics of monopoly, and the argument for some regulation in the public interest therefore applies. As is well known, the problem of regulating prices of monopolies or semi-monopolies is a difficult one. The objective should be to find the means and level of regulation that will adequately protect the public interest and particularly the interest of the consumer, while maintaining healthy conditions for the pipe line industry and the oil and gas-producing industries, as well as the industries distributing oil products and gas for consumption.

Consequently the bill does not specify a formula which the board might be required to apply in setting tolls and tariffs. On the contrary the board will be expected to do this on the basis of tried and tested principles of public utility rate making.

In this respect the bill differs in a fundamental way from the formula proposed in recommendation 12 of the Borden Commission, which recommended that rates should be based upon reasonable return on the shareholders' equity instead of being based upon the total amount of capital invested in the project concerned.

I would now like to refer briefly to a problem that arises in rate making in respect of gas pipe line companies as distinct from oil pipe line companies. This arises by virtue of the fact that gas companies buy gas outright at the point of production and sell it outright to their consumers, whereas oil pipeline companies merely carry oil owned by producers or purchasers for a toll. Consequently, in regard to a gas pipe line company, the bill provides for treating as a toll certain portions of the difference between the price paid by the transmission company for the gas and the price charged by the company to its customers.

The fixing of this proportion is to be left to the board. However, an oil pipe line company is a well recognized common carrier charging a rate or toll for its services.

I come now to the provisions in regard to the exportation and importation of energy and energy resources. These provisions in the bill replace corresponding provisions of the Exportation of Power and Fluids and Importation of Gas Act, but the bill differs from that act in many important respects.

Export and import licensing will be done by the National Energy Board and not by the Minister of Trade and Commerce as at present. Import and export of oil is not to be subject to licensing, but the Governor in Council by proclamation to that effect may consider oil to come within the ambit of the act. If it should be necessary to make such a proclamation it must be laid before Parliament at its next session—indeed, forthwith after the next Parliament assembles.

Hon. Mr. Hayden: Would the honourable senator permit a question? Is it not a fact that the bill provides for getting approval for the construction of a pipe line before it is undertaken?

Hon. Mr. Thorvaldson: Yes.

Hon. Mr. Hayden: Then, do I understand my friend to say that while that exists in the statute it is not necessary at the present time to apply for a permit or a licence to export what might go through that pipe line?

Hon. Mr. Thorvaldson: That is right in respect of export of oil. But an export licence is required for the export of natural gas.

Hon. Mr. Hayden: Until such time as a proclamation is made, is it a fact that pipe lines that are engaged in export may continue as such without being subject to the direction of the board?

Hon. Mr. Thorvaldson: That is right, in respect only of oil. I might add this: at the present time an exporter of oil by pipe line is required to obtain an annual licence, but that necessity is removed under this bill. That is, there will be necessity for neither export licence nor import licence for the carriage of oil across the international boundary.

Hon. Mr. Reid: Does the bill place any compulsion on companies already in operation to take out a licence? I have read the bill and I find no such provision.

Hon. Mr. Thorvaldson: There are in the bill various sections which are called transitional features, and which provide for the transition as between this legislation and other acts. I think it will be found that companies that required licences under former acts will require similar licences under this proposed act, with the exception of exporters of crude oil by pipe line, which companies will not be required to be licensed under this legislation. However, as I said, that may be changed by a proclamation, but the proclamation must be submitted to Parliament as soon as possible.

To return to my explanation of the bill, I was dealing with export and import licences and the fact that in future such licences can be issued only after a public hearing. Such public hearings were not necessary under the other act, and this omission was a just cause of public complaint. Furthermore, under the former law the Minister of Trade and Commerce was under no obligation to state why he approved or denied a licence.

Hon. Mr. Hugessen: May I ask my friend where in the bill is the provision for public hearing on the application for export licence?

Hon. Mr. Thorvaldson: I do not have the section in my mind at the moment, but the bill does contain provision for public hearing in regard to both applications for licensing and for certificates of public convenience and necessity.

Hon. Mr. Hugessen: I fail to find the provision.

Hon. Mr. Thorvaldson: I am sure you will find it in the bill.

The term of export licences for the exportation of gas is not to exceed 25 years, although it is intended to continue the policy of limiting electric power export licences to one year, unless exceptional circumstances justify a longer term.

Before issuing export licences for gas or electric power, the board is to be satisfied with the reasonableness of the price to be obtained in each case.

As I have already said, although exports of gas are to be subject to licence, that is not the case in respect to the export of oil. It is deemed that there are considerations as between these two commodities which put them on a different basis from the point of view of licensing requirements. Oil, unlike electric power and gas, is a commodity which moves freely in world trade from a variety of sources to a given market, or from a given source to a variety of markets, and moves by a variety of means of transport. In other words, a great flexibility is contained in this trade itself. On the other hand, gas export services, once established, must continue for a substantial period to enable the enterprise to attract capital and to permit amortization of the necessary investment.

Hon. Mr. Hayden: Would my friend permit a question? Perhaps I should have asked him this one a while ago. He is using the word "energy" a good deal. I notice the word "power" occurs frequently and is defined in the bill, as is the word "oil". I do not see a definition of "energy" and I am wondering in what connotation he is using it.

Hon. Mr. Thorvaldson: Well, the name of the proposed act is the National Energy Board Act, and the term "energy" is used to describe various forms of energy, including electric power, gas and oil. In any event, by the term "energy" I simply refer to the sources of energy which are dealt with in this bill.

Hon. Mr. Hayden: I just wanted to get your definition.

Hon. Mr. Hugessen: I suggest it might conceivably be of use to have a definition of "energy" in the bill. I was looking at section 2 which talks about energy and sources of energy.

Hon. Mr. Thorvaldson: That might, indeed, be a very useful suggestion.

I was talking about the reasons why exports of gas and oil were dealt with differently in regard to licensing provisions, and I was referring to the fact that there was a considerable flexibility in the business of oil itself which did not exist in regard to gas.

Before closing, honourable senators, I want to refer to some limitations that there are in the bill, namely, limitations on the authority of the National Energy Board. There is, for instance, no power to regulate coal or atomic energy or uranium, or matters having to do with electric power except the export of such power.

Hon. Mr. Hayden: Is not coal a source of energy?

Hon. Mr. Thorvaldson: Coal, of course, is a source of energy, and a very, very important source of energy. I am just saying that although that is so there is no power to regulate coal.

Also there is no alteration in present arrangements in regard to the development of the Columbia River basin. In other words, existing agencies in this field are not to be disturbed.

Hon. Mr. Hayden: I did not mean to interrupt my honourable friend, but what I was pointing out was that there would appear to be a necessity of having a definition of "energy", because where there is authority given to the board to make continuing studies of energy and sources of energy there are not those limitations as to what may be encompassed within the terms "energy" and "sources of energy". It might be atomic power and it might be coal, and it might be a number of other things on which they can inquire and report on.

Hon. Mr. Thorvaldson: That is right. That is something that should be considered.

Hon. Mr. Kinley: Coal is specifically excluded.

Hon. Mr. Hayden: Not in section 22.

Hon. Mr. Thorvaldson: I have tried to review in as general a way as I could the purposes of the National Energy Board Bill. I just want to repeat what I said earlier in my remarks, namely, that the development in the petroleum industry over the past decade, although remarkable in extent, is nevertheless only the beginning of what it will be in the future in this country. Those who are closest to the industry assure us that we can look forward with confidence to continuing growth in natural gas and petroleum reserves, in production, in employment and export, and, of course, in the required investment of capital. But these prospects involve the sound utilization of our energy resources, which are such a very important part of the resources of this country. It is for the purpose of protecting the national interest in the wise exploitation and use of these resources that the present measure has been prepared and is before you.

Honourable senators, I suggest that this bill, if it receives second reading, should be referred to the Standing Committee on Natural Resources.

Hon. F. W. Gershaw: Honourable senators, this bill has been very thoroughly explained by the last speaker and it has been before Parliament for quite a long time. There are 101 sections in the bill. Most of them are restrictions, requirements, regulations and rather rigid controls, and it is to be hoped that these controls will not so strait-jacket the industry that it will be discouraged.

I want to make a few remarks and to point out four things that I hope the administration will take into account.

In the first place, I hope that Alberta and Canada will get the first consideration. This gas is found in tremendous quantities in Alberta. That province is carrying the peak load of freight charges at the present time, it being about half way between the east and west for exporting purposes, and its imports travel the maximum distance. It is to be hoped that in the carrying out of these principles the consumers of Alberta will not pay extra for the gas which they consume and which is found in their own province to such a great extent.

A Prime Minister of Canada of not long ago, the late Lord Bennett, who was a very successful businessman, often said: "Capital is very timid". I do hope that the regulations will not discourage capital, because capital is needed for the economic prosperity of Alberta and the western provinces. During the past 12 years the province of Alberta has received $885 million from rights, leases, and things of that kind, and during most of that period $1 million a day of outside capital has poured into the province—$360 million a year.

We have heard, when the companies were set up, of officers of companies having options on large blocks of stock. We all hope that that kind of thing will be discontinued. Nothing causes more resentment than the news of somebody getting off with several millions of dollars on an option where there was not very much risk.

The last thing I wish to say—and this is the main reason why I am speaking at all—is that I hope there will be no undue delay by the board in dealing with the problems which

require its attention. Today in Alberta 870 really good gas wells are capped, and have been capped for a long time, because there is no market for the gas. That means that $170 million is absolutely immobile. It is not being made use of. It is just resting there in the hope that something will be done. I am hoping that these problems will be dealt with speedily.

The province of Alberta, after very thorough investigation, concluded that a lot of gas could be exported from the province. It approved the export of 3.1 trillion cubic feet by the Alberta Southern Gas Company and the West Coast Transmission Company. And, as we all know, the Trans-Canada Pipe Line Company wishes to export gas from Emerson. But none of these activities can be carried on until approved by the Government of Canada and, of course, by the Government of the United States.

One honourable member said today that gas, oil and coal are depletion products. And of course they are; they are wasting products. There is just so much of each, and when the supply is used up that is the end of it, so far as our age is concerned. Geologists tell us that the formation of the earth changes every few million years and that at one time the area now known as our western provinces had a mild climate, with a lush forest growth and abundant vegetation. Tremendous reptiles and monstrous marine creatures roamed the area. Then the rains descended and floods submerged the whole country and these prehistoric creatures perished with the vegetation and settled at the bottom of the ocean. The heaving and buckling of the earth's crust created tremendous pressures and chemical changes, resulting in formations of coal, oil and gas. Beneath the earth's surface in Alberta there are 340,000 cubic miles of sedimentary rock. Each cubic mile possesses from 30,000 to 50,000 barrels of oil, each barrel carrying some 6,000 cubic feet of gas, so there are tremendous quantities there. The Borden Commission determined that Canada's pipe lines will use up about 7 trillion cubic feet within the next 30 years. Local consumption will amount to approximately 8 trillion cubic feet and Alberta will be allowed to export 3 trillion, so that about a total of 18 trillion cubic feet will be used up in the next 25 to 30 years. The Gas Conservation Commission, which has made very thorough studies, claims there are at least 23 trillion cubic feet in reserve and, with about 2½ trillion cubic feet being discovered each year over the next 30 years there will be from 70 to 80 trillion cubic feet in reserve in 25 to 30 years. Others estimate the reserve will be as high as 100 trillion cubic feet. It is clear that there is a great deal of gas there which can be used for the people of our generation.

I should like to make some comment about coal. There are a lot of coal deposits beneath the Prairies and mountains and foothills in Alberta. There are thick seams of coal. It has been determined there are 48 billion tons of coal lying there, which amounts to about half the mined coal in the dominion of Canada today.

Hon. Mr. Macdonald: Is this coal very far beneath the earth's surface?

Hon. Mr. Gershaw: It is from 1,000 to 2,000 feet under, which is a relatively short distance when you consider some of the deep, dark and dangerous mines in the country which go miles underground. It has occurred to me that we might well develop some of these coal deposits in Alberta which exist in such tremendous quantities, instead of operating some of the risky mines to be found elsewhere in Canada. The mines now operating in Alberta are well equipped and produce as much coal per man power as any mine in Canada. It is a market which I hope the National Energy Board will not lose track of.

Honourable senators, the National Energy Board have a very important function. They must search for the truth and they must be true custodians of these great resources. We hope they will not be misers or wasteful spenders, also that they will not be subjected to stupor or stampede, and that they will deal with their problems in the light of the best knowledge that is available.

On motion of Hon. Mr. Cameron, debate adjourned.

BANKING AND COMMERCE COMMITTEE

On the motion to adjourn:

Hon. Mr. Aseltine: Honourable senators, the Standing Committee on Banking and Commerce was unable to complete its work on certain bills this morning and it adjourned until 8 o'clock this evening. I join with the chairman of the committee (Hon. Mr. Hayden) in the hope that there will be a good attendance of members of the committee and other interested senators at tonight's meeting.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, June 11, 1959

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

Prayers.

PRIVATE BILL

ROMAN CATHOLIC EPISCOPAL CORPORATION OF PRINCE RUPERT—REPORT OF COMMITTEE

Hon. Paul H. Bouffard, Chairman of the Standing Committee on Miscellaneous Private Bills, presented the report of the committee on Bill S-23.

The report was read by the Clerk Assistant:

The Standing Committee on Miscellaneous Private Bills, to whom was referred the Bill (S-23) intituled: "An Act respecting The Roman Catholic Episcopal Corporation of Prince Rupert", have in obedience to the order of reference of June 4, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Sydney J. Smith: With the leave of the Senate, I move the third reading now.

Motion agreed to and bill read third time and passed.

DIVORCE BILLS

FIRST READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill SD-302, an Act for the relief of Roger Myre.

Bill SD-303, an Act for the relief of Lee Dacks Moscovitch.

Bill SD-304, an Act for the relief of Lillian Goldbloom Howard.

Bill SD-305, an Act for the relief of Giovanni Cavallero.

Bill SD-306, an Act for the relief of Lorna Frances Hutchinson Kerr.

Bill SD-307, an Act for the relief of Jessie Balfour Maines McCartney Manson.

Bill SD-308, an Act for the relief of Guy Charbonneau.

Bill SD-309, an Act for the relief of Meade Alexander Morgan.

Bill SD-310, an Act for the relief of Carol May Campbell Williams.

Bill SD-311, an Act for the relief of Adela Hawthorne Pattison.

Bill SD-312, an Act for the relief of Samuel Currie Millar.

Bill SD-313, an Act for the relief of Helen Mary Margeson Ransome Scudamore.

Bill SD-314, an Act for the relief of Claire Anna Theresa Verdon Monette.

Bill SD-315, an Act for the relief of Constance Edna Medcalfe Blood.

Bill SD-316, an Act for the relief of Norma Margaret Martin Raymo.

Bill SD-317, an Act for the relief of Audrey Barrasford Milburn.

Bill SD-318, an Act for the relief of Sandra Stoll Goldenberg.

Bill SD-319, an Act for the relief of Edith May Driscoll Jeffrey.

Bill SD-320, an Act for the relief of Joyce Ethel Commerford Brewster.

Bill SD-321, an Act for the relief of Hirsch Glaser.

Bill SD-322, an Act for the relief of Maria Gagne Cote.

Bill SD-323, an Act for the relief of Gail Patricia Northrup Brazauckas.

Bill SD-324, an Act for the relief of Gilbert Forest.

Mill SD-325, an Act for the relief of Yvon Poulin.

Bill SD-326, an Act for the relief of Karl Wilhelm Oskar Bartels.

Bill SD-327, an Act for the relief of Joseph Aime Paul Guy Genest.

Bill SD-328, an Act for the relief of Allan Ray Wright.

Bill SD-329, an Act for the relief of Michael Kalabiha.

Bill SD-330, an Act for the relief of Joyce Ann Breaker Lee.

Bill SD-331, an Act for the relief of Zina Goffman Filler.

Bill SD-332, an Act for the relief of Omula Karnitis Rakauskas.

Bill SD-333, an Act for the relief of Joseph Bernard Alberia Gustave Lahaise.

Bill SD-334, an Act for the relief of Michael Palangio.

Bill SD-335, an Act for the relief of Grace Evelyn Heggveit Richter.

Bill SD-336, an Act for the relief of Ross Kevin Ladd.

Bill SD-337, an Act for the relief of Georgina Horne Parsons.

Bill SD-338, an Act for the relief of Esther Paula Beernaert Martindale.

Bill SD-339, an Act for the relief of Audrey Bruce Laborgne.

Bills read first time.

SECOND READINGS

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

Hon. Mr. Roebuck: Honourable senators, under the present circumstances I would ask for the consent of the house to move the second readings of these bills now.

Hon. Mr. Aseltine: Agreed.

Motion agreed to and bills read second time, on division.

THIRD READINGS

The Hon. the Speaker: Honourable senators, shall these bills be read the third time?

Hon. Mr. Roebuck: With leave of the Senate, I move the third readings also at this time.

Motion agreed to and bills read third time and passed, on division.

ADJOURNMENT

Hon. W. M. Aseltine: Honourable senators, with leave of the Senate, I move that when the Senate adjourns today it stand adjourned until Tuesday next, June 16, 1959, at 8 o'clock in the evening.

Motion agreed to.

NATIONAL ENERGY BOARD BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Thorvaldson for the second reading of Bill C-49, to provide for the establishment of a National Energy Board.

Hon. Donald Cameron: Honourable senators, my esteemed seatmate (Hon. Mr. Woodrow) said a few moments ago, when he saw me moving down nearer to the centre of the chamber, "I suppose you are going to indulge in your usual guerrilla tactics and get out of town after this speech." As a matter of fact, I am planning to leave town, but not for the reason he imputed.

In any contemplation of a bill of 101 sections by a layman it must be with some timidity that he approaches it, and I can assure honourable senators that it is not my intention to get involved in a legalistic discussion of many of the numerous clauses, because there are many here much more competent to do that than I. I intend to confine my remarks to a review of a number of general matters of concern in connection with resource development and controls.

In any contemplation of the development of Canada we must consider, of course, the development of our energy resources. Fortunately, in this country we have been richly endowed, and as yet we have scarcely begun to develop, utilize and harness the vast storehouse of resources which are at our disposal.

The tremendous increase in Canada's industrialization during and particularly since World War II has been spectacular and has brought about a complete reversal of the normal population ratio between the urban community and the rural. This is going to have far-reaching implications in the future, as the agricultural revolution which we are witnessing today indicates.

Since 1945 Canada's economic expansion has been greater than that of the United States, or in fact of any other country for which records are kept. For example, between 1945 and 1959, a period of 14 years, our population grew from 12 million at the end of 1945 to 17.5 million last year, an overall increase of 45 per cent, with an annual average increase of 2.7. The gross national product rose from $11.8 billion at the end of 1945 to an estimated $34.5 billion this year, and I am sure that we all sincerely hope that this $34.5 billion will be a reality. The increase in volume of the gross national product in this period was 63 per cent.

In this same period the United States had an annual increase in population of 1.7 per cent or a total increase of 26.5 per cent in the 14 years. The annual increase in the gross national product in the United States was 2.1 per cent, the increase in value was 119 per cent and the increase in volume was 33 per cent, or just half what ours was.

Without in any way diminishing its importance to the national economy, the rural population now constitutes a small percentage of our total population, and the trend toward urban living will continue to increase. Now, people cannot live in urban communities unless they are gainfully employed in productive industry, even though the percentage of the total population which has found its livelihood in service occupations is increasing phenomenally. If you make a study of the percentage of the population which has found its livelihood in the service occupations in the last ten years you will find it a remarkable development. However, gainful employment in service industries will not long survive unless the industrial base of the community is sound, healthy and vigorous.

We can only maintain a healthy and growing industrial economy if we carefully mobilize, develop and control our energy resources as they are needed.

It is a strong probability that one of the most serious topics of discussion in public debate in Canada in the next few years will

be the subject of natural resources control, and this National Energy Board may mark the beginning of what we hope will be a new approach by the people of Canada to their own resources development and control.

The necessity for establishing a National Energy Board has been recognized for some considerable time. If one were inclined to take political campaign speeches at their face value we might have expected to have an Energy Board at a somewhat earlier date. But that is just by the way.

In October 1957 the Government of the day established a royal commission of competent Canadian citizens to inquire into and make specific recommendations with respect to the development of Canadian energy resources, particularly oil, gas, electricity and atomic resources, and to make recommendations as to how they might be transported from their source to the ultimate consumer. One year later, in October 1958, this royal commission brought out its first report, in which it proceeded to make specific recommendations particularly as they might apply to the export of natural gas and crude oil.

The reaction of the petroleum and some segments of the financial industry to this first report was something less than enthusiastic. Woeful predictions were made, particularly among some of my friends in Calgary, that the burgeoning petroleum industry in Canada was being placed in a strait-jacket, and that it would not be possible to finance future developments of this important phase of the Canadian economy.

In some quarters, and I must confess they were the less responsible ones, some of the controls suggested by the first report of the Borden Commission were taken as a deliberate affront. In listening to these arguments I have been concerned that certain individuals seemed to resent any suggestion of interference or control in any form. I think that is not consistent with our way of life in this country, although no one wants control for control's sake. I suspect that these people who do not wish any controls are doomed to disappointment, but they have only themselves to blame.

I am a Canadian who wants to see the fullest and most rapid development of our resources, consistent with sound business and national policies. I do not want to see legitimate enterprise and initiative stifled in a maze of regulation, control and red tape. At the same time, one of the reasons why there is a climate of public opinion abroad today which favours a measure of control is that, rightly or wrongly, the public has the impression that, because of a lack of adequate controls heretofore, some irresponsible promoters were able, with practically no, or at least very little, risk to themselves, to make fantastic profits.

I say this is a common view today, and there is just enough basis for it that the industry has no one to blame but itself if it now finds a demand that similar practices be not permitted in the future. This does not mean that people want to deny the legitimate entrepreneur a fair, reasonable and even generous return on his equity capital and for his risk. In fact, I think one of the great questions of our time is going to be, where do we draw the line on the controls that are necessary, and which will not have the effect of stultifying and strangling legitimate business developments?

I suspect there is another factor at work in creating this climate of opinion today. Canadians are just becoming aware of the tremendous proportion of Canadian industry that is foreign- or at least American-owned. I never like the use of the word "foreign" in connection with our friends to the south, although technically that is the term we must use. For example, 85 per cent of the petroleum industry in this country is American-owned or controlled, as is about 65 per cent of the mining and smelting industry and 50 per cent of the manufacturing industry.

Now, I think we should welcome American capital, and capital from any other part of the world, and I hope that more of it will come. At the same time, if increasing amounts of American capital are to be invested in the development of Canadian resources I think we, as responsible citizens, have a right to ask that that capital be used at all times in the Canadian interest.

The total long-term investment of foreign capital in Canada in the last 13 years increased from $7 billion in 1945 to $18.5 billion at the end of 1958, an increase of 160 per cent. Of this amount the actual American investment was $5 billion at the end of 1945 and $14 billion at the end of last year, an increase of 180 per cent.

The Dominion Bureau of Statistics' definition of "foreign capital" includes the money brought in from outside, retained earnings and borrowings in Canada. This is interesting, because a survey recently put out by the United States Department of Commerce indicates that in 1957 only 31 per cent of the capital required by United States controlled companies came from the United States. In other words, the balance came from earned profits and Canadian institutions and individuals investing in these industries. In one industry, the mining and smelting industry, 65 per cent controlled by the United States companies or their subsidiaries, only 2 per

cent of the capital invested in it came from the United States, 1 per cent came from other countries, and the rest, or 97 per cent, came from Canadian sources.

I want to quote from a recent address given by a very able and competent member of the Civil Service of Canada, Dr. O. J. Firestone, who recently spoke at a gathering in New York. I might take this oportunity to say that Canada is fortunate in the quality of most of its civil servants, and I think it has been especially fortunate in the men who have been advising in the economic field in this country, among whom I include Dr. Firestone, who has made a most unusual and valuable contribution to the Canadian public service. It is interesting that the speech from which I am about to quote and in which he used some of the figures I have mentioned, was made to Americans. He said:

> What these figures suggest is that a comparatively small amount of capital will suffice to establish control of an enterprise in its early stage. Then through good management, the retaining of earnings, and borrowing, the enterprise is expanded. Canadians contribute to the expansion of the enterprise first by buying its products, thus making the accumulation of large profits possible, or in the case of resources industries by making these resources available for development. Secondly, by lending they assist in the expansion of these enterprises without in many instances being able to participate in an equity position.

I said earlier that Canadians are just becoming aware of the extent to which Canadian industry and resources development is in the hands of American companies and their Canadian subsidiaries, and I suggested that this was having an effect on the demand for more controls over the manner in which these resources should be developed. I am sure that this is true. At the same time this does not mean anti-Americanism, anti-capitalism or even anti-free enterprise. It does mean, however, that Canadians want a larger voice and share in developing their own country. That is not an unreasonable demand.

I am going to quote again from the address that Dr. Firestone gave in New York. Dealing with increasing public participation and public reporting, he said:

> If American investment is to continue to thrive in Canada it will mean, if you want to be practical, the encouragement of greater Canadian financial and managerial participation in United States subsidiaries operating in Canada.
>
> Public demand is also likely to grow for foreign firms operating in Canada, particularly publicly owned companies, to report about the success of their operations in Canada.

Of course, they have to report to the S.E.C. in the United States.

Further on, he said:

> To put it in a nutshell, what Canadians expect is that Americans, when they operate in Canada, behave like Canadians do and acccept the responsibilities as well as enjoy the benefits of doing business in an expanding economy. Canadians do not expect American firms to do any more than they would do at home. They would like to see those companies be as good Canadians in their operations in Canada as they are Americans in the conduct of their business at home.
>
> Now, you may ask why should American firms make what some of you may consider concessions. After all it is your money that you are investing. And since you are putting up the capital it is up to you to decide how you manage your affairs and how you get the best returns. Now, all this is perfectly true. But the thing to remember is that Americans are not just doing Canadians a favour by investing in Canada. They are doing it for good business reasons, because it is profitable, and for many other sound commercial reasons. To mention just one of these; the United States is becoming increasingly short of natural resources. By developing these resources in Canada our American friends are obtaining a dependable long-term source of supply which will keep their economy going for decades, if not centuries, to come.
>
> What Canadians are after is not just good neighbourliness, important as happy relations between the two countries are. What Canadians wish to see is the pursuit of sensible policies by American parent companies which will benefit Canada as well as the United States business community participating in our economic development. Is this too much to ask for a country which offers the largest and most profitable opportunities for foreign investment in the world?

This discussion may seem to be somewhat off the track from Bill C-49. Actually, it is very intimately related to it, because we cannot realistically contemplate development of the great resources of this country without considering very carefully how it is to be done, how it is to be financed, who is going to do the financing and who is going to get the most benefit. I have deliberately not gone into the details of the bill nor the amendments made to it. The bill received a very thorough going-over in the House of Commons, and a total of some 26 amendments were offered, of which 13 were accepted by the Government. To that extent I would hope that the bill has been improved and strengthened.

There are people who are disappointed in the bill—some because it does not go far enough in spelling out the details how things will be done; others because it goes too far, as in the case of Part IV on traffic, tolls and tariffs. If one were to characterize this bill, it could be described as a flexible bill, and I think that this is not a bad idea at this time. It was said here yesterday that we needed "elbow room" in connection with another bill. Maybe this is another case where we need some elbow room—room to manoeuvre.

The Borden Commission has not yet turned in its final report, and until it does it may be wise to have a measure of flexibility which might otherwise not have been so desirable. In the final analysis, how this bill works will depend on the calibre and

the competence of the board appointed to administer it. I have every confidence that the Government will find the kind of people who can do this job with a sense of responsibility. I must say that there is no other board in Canada on which we are placing a greater measure of responsibility and which we are launching on a more unchartered course than will be the case with the new National Energy Board. We can only hope that the Government will give it every co-operation.

There is one question in the minds of many people about the bill as it now stands. It purports to take over the work of a number of other acts and departments of Government. The honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) referred to this yesterday. I am thinking of some of the duties of the National Coal Board and the Board of Transport Commissioners and certain provisions of a number of federal acts, but nowhere in the bill before us are the actual jurisdictional matters spelt out in detail. Perhaps this again is part of the flexibility of the bill, but only time will tell.

Hon. Mr. Thorvaldson: I wonder if the honourable senator would allow a correction for the purposes of the record? He referred to the functions of the National Coal Board being taken over by the National Energy Board. It is just the reverse. The functions of the National Coal Board are not being taken over.

Hon. Mr. Cameron: That is quite correct. I thought I said a portion of the functions. In the last 12 years, since 1947, as a westerner I have had an opportunity of watching the spectacular development of the petroleum industry in a country that previously was basically dependent on agriculture. It was my good fortune as a member of the faculty of the University of Alberta, particularly of the Extension Department, which dealt with many ramifications of the development, to come into early contact with the petroleum industry. I remember being at a banquet the night Leduc No. 1 came in. As part of our program we were putting on a short course for employees of the Imperial Oil Company, and there was indeed a spirit of levity, to say the least, at that banquet because of the high hopes which seemed to be well-founded with the coming in of that well. But by 1950 people began to ask, "Is Alberta a second Texas?" and the answer would be: "Well, maybe. We don't know." By about 1955 people were beginning to say, "There is no question that this is a second Texas." Today there is more assurance that not only is this true, but that western Canada may be even much greater than Texas in so far as the resources of the petroleum industry are concerned. Just two weeks ago today I had a conversation with two of the leading pipe line men on this continent, one of whom was from Houston, Texas, and the other from New York. Again I asked this question, and the answer was, "This could be greater than Texas."

In order to evaluate the comparative stage of our industrial development in the west with that of Texas we can use this yardstick. In Alberta today there are some 200 drilling rigs in operation every week. In Texas, after 20 years, there are 2,000 drilling rigs in operation every week. That is one measure of comparison. In making another comparison with Texas you may recall that about 25 years ago Texas was mainly dependent on two industries, the cattle industry, which goes back many years, and the lumber industry, with their exports being shipped out of San Antonio. Today Texas is one of the largest industrial states in the United States. It has been suggested that Texas is the second largest industrial state, but I don't think that is true. Nevertheless, it has become a tremendously rich industrial state. In making this comparison between the development in western Canada and that in Texas I think we arrive at some picture of what might be contemplated in the expansion of our west in the next few years. If this comparison is anywhere nearly accurate as a forecast—and some allowance must be made for our disparity in population—you can see the exciting days ahead. That is one reason why it is important that we should give consideration to the creation of a National Energy Board at this time.

Just to spell out what the addition of one or two drilling rigs means to the economy of Canada I am going to quote a paragraph from the Canadian Petroleum Association Bulletin, wherein is set out the requirements for a do-it-yourself kit for well drilling. This is the world's biggest understatement:

> A do-it-yourself kit for well drilling should include:
>
> 726 tons of steel; about 32 trucks ranging from the very largest, down to half-ton pickup; 3 cranes; one bulldozer; one road grader; about 6 house trailers; approximately 132 men—specialists from lawyer to truck driver to surveyor to mud engineer; about 5,000 sacks of cement; 1,000 feet of manila rope; 12,000 feet of steel cable; 800 tons of drilling mud; 250 tons of mud conditioners; about 20 assorted drilling bits; 150 drums of emulsified oil; 48,000 barrels of water; and a good measure of luck. The well will cost between $200,000 and $1 million to drill, and you have only about 1 chance in 7 of finding oil or gas.

This is what is required to operate one drilling outfit. Multiply this by 200, or

project it to the day when we have 2,000 drilling rigs, you can see what a tremendous effect this will have on the economy of our whole country.

Honourable senators, in conclusion, I believe it is inevitable that Canada in the next 25 years will make prodigious strides forward. This will be particularly true in western Canada. We are really only at the beginning and laying the foundations of a great Canadian industry. It is important that we lay these foundations well.

On motion of Hon. Mr. Bouffard, debate adjourned.

FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS BILL

SECOND READING

Hon. William R. Brunt moved the second reading of Bill C-41, to amend the Federal-Provincial Tax-Sharing Arrangements Act.

He said: Honourable senators, in introducing this bill in the Senate I feel that I should give a short history relating to the original Federal-Provincial Tax-Sharing Arrangements Act.

The original act was passed during July of 1956 and in the act it was provided that it should come into force and be effective on the first day of April 1957. This act replaced what was known as the old Tax Rental Agreements Act originally passed during the year 1952. The latter act replaced the Dominion-Provincial Tax Agreement Act of 1942.

The original Federal-Provincial Tax-Sharing Arrangements Act provided for the following: a tax rental payment to each province equal to 10 per cent of the federal personal income tax revenue in such province; further, a payment to each province of 9 per cent of the corporation profits earned in such province and, finally, 50 per cent of the federal succession duties attributable to such province.

In connection with the above-mentioned three tax rental payments, I think it should be pointed out that if any province did not wish to rent its taxing powers to the dominion Government on the above basis, then the original act provided for a tax credit or abatement equivalent to the rental amount, and this, in turn, allowed the provinces to impose their own personal income tax, corporation tax, and succession duties, without a penalty being imposed on the individual taxpayers of such province.

The original act also provided for what was known as equalization payments. These payments were intended to bring the *per capita* return from the above-mentioned three taxes, namely, 10 per cent of the personal income tax, 9 per cent of the corporation profits, and 50 per cent of the federal succession duties, in line with the average revenue for the provinces of Ontario and British Columbia from these particular taxes.

Finally, the act provided for what was known, and still is known, as stabilization payments. I do not propose even to attempt to explain stabilization payments in detail. I will only mention that they are worked out by three or four different and rather complicated formulae. However, such payments were to be made for the sole purpose of preventing the revenues which the provinces would receive under the original act from falling below a rather high level. If any honourable senator desires to know just how the various formulae work, I am sure that he will be able to get a full explanation from an expert of the Department of Finance, who will appear before the appropriate committee of the Senate when this bill is being considered.

With this short explanation, I think I should point out to honourable senators that this act was originally amended in 1958 in order to provide for the payment of 13 per cent of the personal income tax revenues to each province, instead of 10 per cent as set out in the original act. When this amendment was made in 1958 it was provided that the payment of 13 per cent should apply for a period of one year only, namely, from April 1, 1958 to March 31, 1959.

The Government is now desirous of extending the payment of 13 per cent of the personal tax revenue to the various provinces for a further period of one year and this particular bill makes provision for this. It provides that the 13 per cent applicable to income tax revenues shall apply to the period from April 1, 1959 to March 31, 1960.

Hon. Calvert C. Pratt: Honourable senators, I would like to take this opportunity of referring to the need for adjustments in the financial relations between the Government of Canada and the Province of Newfoundland.

It is a fact, and should be fully realized, that union of Newfoundland with Canada is only partly completed. The terms have been signed, it is true, but written into those terms is an obligation for a review of the financial arrangements and necessary adjustments into the future. Complementary to a formal revision, there is a legal and a moral obligation to take into account the new circumstances which have to be met to provide for a properly developed province. That obligation requires much greater mutual understanding than has been evidenced by the Canadian Government and people up to this

time. I can honestly say that from the point of view of understanding the local circumstances, dissimilar in many respects from those of other provinces, and in view of the required appreciation of the special needs for the development of common citizenship, Newfoundland is a foreign country to Canadians almost as much as it was prior to ten years ago; and let me say that prior to that time it was indeed a foreign country from the point of view of officialdom in Canada. Naturally, there was a close friendliness between the peoples of the two countries.

It is not my intention to dwell on the circumstances relating to the adoption of Union in 1949, except as they may be applicable to the legal and moral obligation of the Dominion of Canada in consideration of the revision of the terms of Union.

I have mentioned on previous occasions in this chamber that Newfoundland voted on the issue without negotiated terms, which fact was the chief cause of the majority in favour of Union being as low as 52 per cent. I can speak personally as one who was critical of the nature of the approach to the issue, but also as one who always recognized that Union should provide a logical setting for a progressive material and social development in Newfoundland. Needless to say, neither I nor any of my fellow citizens, whether confederate or anti-confederate, ever for one moment questioned the views that were constantly repeated by leading Canadian authorities that Union would be of inestimable value to Canada. The natural resources of Newfoundland and Labrador held, as they do now, tremendous potential wealth for Canada. Newfoundland was there at the outlet of the St. Lawrence River and was required to round out Canada's logical geographical boundary in the east. Canada already had such a boundary in the west. To use the words of the late Prime Minister of Canada, the Right Honourable Mackenzie King, "Newfoundland was essential to the nationhood of Canada."

With the entry of Newfoundland into the Union, I can say that the people of the province, no matter how they voted, or whether they did not vote at all, met their responsibilities as Canadians loyally and properly. The people quite naturally reveal a practical and realistic outlook on things. One of the most outstanding reasons for the softening of the hard feeling which was prevalent toward the approach to the unnegotiated relationship was the fact that a revision clause was written into the agreement of Union. By that clause there was to be a review of the financial position of Newfoundland by a royal commission within eight years and, most important of all, there was a clear implication that such a review was to be of a continuing nature. Any other interpretation in the circumstances, of course, would be absurd. The declared purpose of the clause to which I refer was that the province of Newfoundland should be able to continue public services at appropriate levels and standards, and the services were not to be retarded by a relative incapacity to pay for them. It was never intended nor was it implied that the revision as and when recommended by the royal commission was to be final and complete, and that all consideration of Newfoundland's special circumstances and changing situations would be cut off on a certain date.

In order to give an appropriate background to what I have to say, I shall quote Term 29 of the Union Agreement:

> In view of the difficulty of predicting with sufficient accuracy the financial consequences to Newfoundland of becoming a province of Canada, the Government of Canada will appoint a royal commission within eight years of the date of Union to review the financial position of the province of Newfoundland and to recommend the form and scale of additional financial assistance, if any, that may be required by the Government of the province of Newfoundland to enable it to continue public services at the levels and standards reached subsequent to the date of Union, without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the Maritime provinces of Nova Scotia, New Brunswick, and Prince Edward Island.

The keyword of the Term is to "continue" —to continue public services.

During the intervening years since Union, Term 29 has been in the minds of Newfoundland people, whether at work on the sea, in the woods, in the shops or in the schools.

Personally, I would like to have seen the words of the clause, in fact the whole agreement, more specific, to give the new province the protection it needs. Term 29 was accepted by Newfoundland people as evidence of good faith in the continuing adjustment of the future relationships between the federal Government of Canada and the province.

I would further say if there is not an out-and-out effort to implement good faith by a thorough understanding, then Union can be written off as a failure.

Because of the nature of the Terms of Union, and in the circumstances, the statement of the Prime Minister in the House of Commons on March 25 last caused widespread alarm throughout the province. In the first place, I might say the recommendations of the royal commission had been publicly regarded as very inadequate. They provided for an annual amount of only $8 million, whereas a very carefully prepared and fully substantiated case was presented to the commission

recommending $15 million. The $8 million was to have deducted from it that portion of the original transitional grants which were shortly to expire, leaving a net payment under this special allowance of an average of $7,300,000, totalling $36½ million for the five financial years from 1957-58 to 1961-62.

As I mentioned, the Prime Minister's statement has caused great concern throughout Newfoundland. His words on March 25, 1959, were:

> It is proposed to ask Parliament to authorize payments as recommended by the royal commission, but in our view the duration of payments should be limited to five years.
>
> The proposed payments will be unconditional and will be in final and irrevocable settlement of the provisions of Article 29, and the contractural obligation of the Union consummated in 1949.

I quote also from the same speech:

> On conclusion of the payments as of March 31, 1962, which corresponds with the present five-year fiscal arrangement between Canada and the provinces, Newfoundland's position can be considered in the light of the general methods of providing financial assistance to the provinces which may be in effect at that time.

He also said in the speech:

> Each of the provinces has its own problems, and Newfoundland is no exception.

By the Prime Minister's statement the impression was definitely created that the Government of Canada will not regard itself as having any special obligations to Newfoundland arising out of the circumstances of Union in 1949. Such an implication would carry with it a complete disregard of the fact that Newfoundland will then have been a province for only 13 years, while many of the other provinces have had nearly a hundred years to even out their relationships and problems. If that is to be an official attitude by the Government of Canada, we in Newfoundland must take it for granted that after 13 years we may have to face up to a condition that we are not wanted any longer as a province. One thing is absolutely certain, that if the special and unique circumstances of our province are not an essential factor in our federal relations, then union with Canada will have completely failed. Further than that, Newfoundland people generally and rightly will feel that a legal and moral obligation on the part of the Dominion of Canada has been completely disregarded.

For a moment I would like to refer again to the McNair Royal Commission recommendations for financial payments. The amount of the proposed payments is far below what is realistic and proper. The finding of the commission follows altogether too closely the literal interpretation of its terms of reference and were not broad enough in the review of the general circumstances to give Newfoundland adequate protection for the future. It must be remembered that the basic issue involved was that our province must be able to continue into the future the developed public services without resorting to taxation more burdensome than was generally prevailing throughout the other Atlantic provinces. The continuing capacity of Newfoundland's citizens to pay for the maintenance of such services was an outstanding consideration which called for examinations of the conditions right on into the future. In effect, the *per capita* earnings, the cost of living, and innumerable changing circumstances are involved in this matter.

As the attitude of Government stands now, the province of Newfoundland after three more years will be expected to have grown up in 13 years to become a senior member of a federal family living together for over 90 years.

Some years ago a minister of the Canadian Government made a visit to Newfoundland, which was as unusual for a minister to do then as it has been since, except, of course, for those ministers who represent ridings there. He made some statements then which in effect were not dissimilar to the attitude towards the future of the province which has been demonstrated lately. Of course, in making this comment one must make due allowance for the fact that the honourable minister at that time had his mind momentarily rushed from the Pacific to the Atlantic.

I had an opportunity of speaking on the occasion when he gave his most ill-considered remarks, which hit the sensitive minds of our people very hard. I told him before that audience that he had completely forgotten that Newfoundland was a child in a grown-up family, and if his interprovincial approach to the island's needs for social and economic development and for Government services prevailed in official circles of Canada Newfoundland would remain just an orphan on the doorstep. I repeat that phrase as applicable to the present time in the light of the absence of a much needed and close understanding of Newfoundland. It cannot be expected that in such a short time the province could swing into the same form of financial relationship with the federal Government as the other provinces have grown into.

What I recommend is that more senior members of the Government should visit Newfoundland, get to understand its conditions, learn more of the nature of its public services and follow the various phases of its social and economic development. Surely, a new province deserves that.

I have been referring to the special circumstances of a new province. Now, I would like to place before you some of these which have a particular bearing on the implementation of Term 29. The Term has a definite relation to necessary improvements of public services, and it is provided that financial aid would be given and continued without the application of taxation more burdensome than that obtaining generally in the three Maritime provinces. The relative capacity to pay has by agreement to be taken into account in fixing the measure of federal assistance. In 1956, the latest year for which figures are available to me the *per capita* income of the people of Newfoundland was 31 per cent less than the average of that in the three provinces in question. I might say this is an improvement over the year of Union, 1949, when the difference was 40 per cent.

In applying the *per capita* income to such a situation, a very vital factor is related to the cost of living. By reason of the geographical location and many other circumstances, living costs in Newfoundland, taking 1956 as the year of comparison, was at least 12 per cent higher than in the other three provinces. This means that in Newfoundland it took $112 to buy the same goods as $100 would buy in the Maritimes.

The level of education is comparatively low, because of many factors, one being the difficulty of providing suitable school accommodation in small places and the inadequacy of transportation connections with schools in the larger populated areas. The average enrolment per classroom is about 15 per cent higher than in the three Maritime provinces. The provincial Government has embarked upon a progressive program for higher educational facilities which is very costly but absolutely essential. It is most unfortunate that in recent months construction and improvements of school buildings have been held back by lack of funds, because the expected assistance under Term 29 from the federal Government was not forthcoming. The health services also are very inadequate. The supplying of medical care and preventive measures to the population widely scattered along the 6,000 miles of coast is very costly. Very considerable improvements have been made in recent years, however. Only by personal experience with Newfoundland life can one realize what it costs to keep the necessary contacts between doctors, nurses and medical health centres by small boat and inadequate local road communications.

In the report to the royal commission it was stated that a Canadian Sickness Survey in 1950-51 showed that the average family in the Maritime region spent $72 on health services of all types, while the average family in Newfoundland spent only $28. This was due not only to lower family income but to inaccessibility of medical services.

In the matter of old age assistance, it is significant that 52 per cent of the people in the age group of 65 to 69 qualified for payments as compared with 30.7 per cent in the three Maritime provinces as a group. The situation was, of course, caused by the lower *per capita* earnings and the higher cost of living which prevented so many from building up reserves for their old age. Generally speaking, the cost of public welfare, as administered in Newfoundland, is much higher in relation to the sum total earnings in Newfoundland than elsewhere in Canada. Many of these services are distinctive in their character by reason of the prevailing conditions. Year by year these take a large share of provincial revenue.

The province has a Public Welfare Department of Government which before Union was a division of Public Health and Welfare. That department cost in 1957 about $9 million of provincial funds. Municipal governments in other parts of Canada take up considerable portions of such services, but that is not practical to any great degree in our province. Among the many services rendered by that department is that of welfare in Northern Labrador, the cost of which runs into several hundred thousand dollars.

One of the most crucial needs and one of the most costly is road construction and servicing. It is difficult to make a comparison of true value as between Newfoundland and the Maritime provinces. On the basis of mileage of roads to population, Newfoundland has only about two-thirds as much as the Maritimes. The number of vehicles in proportion to the road mileage in each area is also one-third less in Newfoundland, and the general quality of the roads on the island is much below the usual standards. That deficiency constitutes a tremendous difficulty in economic and social development and must be tackled with energy and without delay.

What I have said may seem like a gloomy story. It is not intended as such. In fact, gloom will only gather if there is not a knowledgeable attempt—I repeat the word knowledgeable—by the federal Government to underwrite the success of the partnership. It was to bind the Government of Canada to a continuing policy of working toward success of the partnership that Term 29 was in the signed agreement.

While I have been talking about what should be coming Newfoundland's way for a proper partnership arrangement, I want to say that such proposed benefits are by

no means one-sided. Too many people write and talk as if charity were behind the idea of help to Newfoundland. We have frequently seen too much of this in the press though I must say there has not been so much lately. Nothing could be further from the truth. I would like to get down for a few minutes, if I may, to the brass tacks of some of the economics of the situation. I am sorry, honourable senators, for going on so long, and will hold back some of my points for a later occasion.

Nothing can lead us more completely astray than arguments based solely on Bureau of Statistics reports. For instance, we have heard at various times down through the years—and, indeed, very recently—that the federal Government pays Newfoundland so much, and the province's contributions to federal revenue are so much. I cannot understand why it is that such figures continue to be fired around without at least some qualifying statements so that the public might properly appraise the facts. Without proper explanations such figures are completely misleading. No province gets as little credit for its proportion of contribution to the federal revenue as does Newfoundland. There is a very clear reason for that, and I will explain it to some extent.

Excise and other federal taxes on goods brought into the province are shown as collections made in other provinces for federal account. Whenever that matter is referred to the answer is that the prevailing system is applicable to all other provinces. Here is the difference as far as Newfoundland is concerned; Newfoundland is not a distributor of manufactured goods to other parts of Canada. No other province has such an unbalanced trade within Canada. We even produce less of our own food and other products of use. We are an export province. Our paper, fish and all our products, except a little unprocessed minerals, go abroad. Under the protection of the Canadian tariffs nearly all our purchases were, immediately after Union, shifted from foreign countries to the other provinces. Those Canadian purchases have increased by about 200 million dollars annually since Union. If our province were classified as an export market it would be, in value of purchases, the third largest market for Canadian goods, following the United States and Great Britain.

I say, honourable senators, surely this calls for consideration in appraising what is a fair financial arrangement with the federal Government, which represents all of Canada.

As I have said, there have been frequent statements of federal contributions to the revenue of the province of Newfoundland as against what the province pays to the federal Government. These create an impression entirely out of relation to the facts. I know it is impossible to get accurate figures of the indirect payments by a province into the federal treasury. Because of these repeated statements, however, I would like to give a couple of illustrations of some indirect and unidentified payments into the national revenue. These payments are made through excise and sales taxes collected by the federal Government. I took the total sales of alcoholic liquor and beer in Newfoundland, and after making due allowance for the more moderate drinking habits of our people than those of some of our neighbours, I arrived at what I am sure is a conservative figure of $4½ million paid indirectly into the federal treasury. There is no official record of that, but I have been able to deduce it from the facts obtainable.

Assuming that the use of tobacco in my province is about the same as that in other provinces, a *per capita* calculation shows a contribution of $8 million. As we know, most of the cost of tobacco to consumers is made up of taxes.

Motor vehicle purchases in Newfoundland contribute, at least, $1 million a year.

These items alone can be safely estimated to make up an annual contribution to the federal treasury of anywhere from $13 million to $15 million, and there is no record of that. That figure, I would guess, might well be equalled by similar payments made on other purchases covering hundreds of lines of goods brought into Newfoundland from the other provinces where these commodity taxes are paid. To be realistic in this matter, these factors should be taken into account.

Then, of course, there is the contribution to the economy of Canada of the one-way trade of Newfoundland, to which I have referred. How many people are employed on the mainland of Canada producing and servicing upward of $200 million worth of goods which go to Newfoundland chiefly because of tariffs?

To meet the emergency in Newfoundland at this time, our people are being provincially taxed in manners or to a degree not prevailing generally in Canada. For instance, there is a provincial sales tax at the consumer level of 3 per cent applicable to most purchases, including even food, which amounts to $7 million a year. There is a tax of 17 cents a gallon on gasoline, and an extra 3 per cent tax on cars and vehicles, and so forth. These are only examples.

There is immediate as well as future urgency for creating and financing essential

public services in Newfoundland. This can be only met by a realistic and, I say again, a knowledgeable federal approach. I am not for a moment disparaging the continuing contribution to Newfoundland from federal sources toward public works, and particularly marine works, which come under national policy from coast to coast. There is a tremendous deficiency to be caught up with, however, but progress has definitely been made.

Hon. Mr. Higgins: May I remind the honourable senator that income tax and corporation tax amounting to $28 million a year, and approximately half a million dollars in succession duties, have to be added to the contribution by Newfoundland to the federal authorities?

Hon. Mr. Pratt: Yes, indeed. The time when I should have finished speaking has passed, but I would like to follow up that theme of yours. I suggest you get going on that yourself as soon as you can. Actually I have only been able to touch the fringe of what I would like to deal with at this time.

Honourable senators, you will regard it very reasonable, I am sure, for me to say in this connection, that when Newfoundland entered Union the *per capita* debt of Canada was about seven times greater than Newfoundland's *per capita* debt, which Canada absorbed. It is of interest to recall that none of that great debt of Canada, which has a bearing on federal taxation through all ten provinces, had resulted in the creation of any federal Government-owned assets in Newfoundland. It is reasonable for our people to expect a catching-up on those arrears.

In closing, I want to emphasize that my greatest concern in presenting these facts to you is for a fuller understanding of Newfoundland and of Newfoundland's distinctive problems. I do hope that there will be a meeting of minds and wills to work out a practical and fair solution to the outstanding problems involved. This has to be tackled on a sound, ethical and non-partisan basis, for it must be remembered that when personalities of today are gone from the scene, the livelihood and welfare of the people will continue to be the one great consideration.

On motion of Hon. Mr. Connolly (Halifax North), debate adjourned.

BRETTON WOODS AGREEMENTS BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. Gustave Monette moved the second reading of Bill C-52, to amend the Bretton Woods Agreements Act.

He said: Honourable senators, I am not insensitive to the welcome you give honourable members when they rise to speak, particularly new members. It is impressive for one to speak on a matter so important as this to an assembly of this size and prominence.

The purpose of this bill is to amend the Bretton Woods Agreements Act by increasing the subscription of Canada to the International Monetary Fund and to the International Bank for Reconstruction and Development. As some honourable senators may remember, these two international institutions were organized by the United Nations Monetary and Financial Conference held at Bretton Woods on July 19, 1944, which prepared the articles of agreements set out in the two principal schedules that are reproduced in the Revised Statutes of Canada, 1952, together with chapter 19 therein, being an Act for carrying into effect the agreements for an International Monetary Fund and an International Bank for Reconstruction and Development. Under this act Canada approved those agreements, and the Governor in Council was authorized to accept them on behalf of Canada, and they were in fact accepted. As honourable senators may verify from the table which I will refer to in a moment, it appears that some 68 nations actually agreed to become members of these two organizations.

Sections 5 and 6 of the Bretton Woods Agreements Act authorize the Minister of Finance to provide for the payment of subscriptions required from Canada to the International Monetary Fund and to the International Bank for Reconstruction and Development. Incidentally, in referring to these two institutions from now on I will, with leave of the Senate, refer to them as the Fund and the Bank, respectively.

As I have said, the Minister of Finance was authorized to provide for the payment of subscriptions required from Canada to the Fund and to the Bank, such payments to be made out of the unappropriated moneys in the Consolidated Revenue Fund, and to an amount not exceeding $700 million.

I am sure honourable senators are aware of the important achievements of these two international institutions. The International Monetary Fund was set up to provide member countries with facilities for short-term foreign currency loans required to meet the balance of payments difficulties. Its main purpose is the expansion of international trade through the promotion of exchange stability, the elimination of exchange restrictions, and the establishment of a multilateral system of current payments.

When the resolution dealing with this bill was first introduced in the House of Commons, the Prime Minister emphasized that

an increase in International Monetary Fund quotas would expand substantially the liquid assets supporting world trade, and that an increase in the Bank's subscriptions would give less developed countries greater prospects of the financial aid needed for developing and diversifying their economies. In fact, last August President Eisenhower proposed that consideration should be given to an increase in the resources of those two organizations, and at the annual meeting of the International Monetary Fund and the International Bank for Reconstruction and Development at New Delhi last autumn the United States Secretary of the Treasury, Mr. Anderson, proposed that specific recommendations for increases in national contributions be prepared promptly for consideration by all governments interested. Our Minister of Finance, who was present, strongly supported those proposals.

Following those resolutions, the executive boards of the two institutions investigated this problem and recommended a general increase of 50 per cent in the Fund quotas, and of 100 per cent in the subscriptions to the Bank. In addition, they recommended special increases exceeding those percentages for certain countries, including Canada. Our Minister of Finance, who is the governor for Canada of those institutions, voted in favour of submitting these proposals for consideration by member governments. The recommendations received virtually unanimous support. As a consequence, governments of the nations concerned are now proceeding to obtain the legislative authority for the proposed increases in their national contributions. The United Kingdom has already passed the necessary legislation. The United States and a number of other countries are now in process of doing so.

With leave of the Senate, I will now file a table showing the present and future national contributions to both the International Monetary Fund and the International Bank for Reconstruction and Development.

PRESENT AND PROPOSED NATIONAL CONTRIBUTIONS TO THE I.M.F. AND THE I.B.R.D.

Country	I.M.F.		I.B.R.D.	
	Present quotas	Proposed quotas[1]	Present subscriptions	Proposed subscriptions[1]
	(Millions of U.S. dollars)			
Afghanistan	10	15	10	20
Argentina[2]	150	280	150	373.3
Australia	200	300	200	400
Austria	50	75	50	100
Belgium	225	337.5	225	450
Bolivia	10	15	7	14
Brazil[2]	150	280	150	373.3
Burma	15	22.5	15	30
Canada[2]	300	550	325	750
Ceylon[2]	15	45	15	60
Chile	50	75	35	70
China (Taiwan)	550	825	600	1,200
Colombia	50	75	35	70
Costa Rica	5	7.5	2	4
Cuba[2]	50	100	35	93.3
Denmark[2]	68	130	68	173.3
Dominican Republic	10	15	4	8
Ecuador	10	15	6.4	12.8
El Salvador	7.5	11.25	1	2
Ethiopia	6	9	3	6
Finland	38	57	38	76
France	525	787.5	525	1,050
Germany (Fed. Rep.)[2]	330	787.5	330	1,050
Ghana[2]	15	35	15	46.7
Greece	40	60	25	50
Guatamala	5	7.5	2	4
Haiti	7.5	11.25	7.5	15
Honduras	7.5	11.25	1	2
Iceland	1	1.5	1	2
India	400	600	400	800
Indonesia	110	165	110	220
Iran[2]	35	70	33.6	90
Iraq	8	12	6	12
Ireland	30	45	30	60
Israel[2]	7.5	25	7.5	33.3
Italy	180	270	180	360
Japan[2]	250	500	250	666
Jordan	3	4.5	3	6

PRESENT AND PROPOSED NATIONAL CONTRIBUTIONS TO THE I.M.F. AND THE I.B.R.D.—Concluded

Country	I.M.F.		I.B.R.D.	
	Present quotas	Proposed quotas[1]	Present subscriptions	Proposed subscriptions[1]
	(Millions of U.S. dollars)			
Korea (Republic of)	12.5	18.75	12.5	25
Lebanon	4.5	6.75	4.5	9
Libya	5	7.5	5	10
Luxembourg	10	15	10	20
Malaya	25	37.5	25	50
Mexico[2]	90	180	65	173.3
Morocco	35	52.5	35	70
Netherlands	275	412.5	275	550
Nicaragua	7.5	11.25	3	6
Norway[2]	50	100	50	133.3
Pakistan	100	150	100	200
Panama	0.5	0.75	0.2	0.4
Paraguay	7.5	11.25	3	6
Peru	25	37.5	17.5	35
Philippines	50	75	50	100
Saudi Arabia[2]	10	55	10	73.3
Spain	100	150	100	200
Sudan	10	15	10	20
Sweden	100	150	100	200
Thailand[2]	12.5	45	12.5	60
Tunisia	12	18	12	24
Turkey[2]	43	86	43	115
Union of South Africa	100	150	100	200
United Arab Republic	66.5	99.75	59.8	119.6
United Kingdom	1,300	1,950	1,300	2,600
United States	2,750	4,125	3,175	6,350
Uruguay	15	22.5	10.5	21
Vevezuela[2]	15	150	10.5	140
Viet-Nam	12.5	18.25	12.5	25
Yugoslavia	60	90	40	80

NOTES: [1] The table does not reflect the increases which countries having quotas in the I.M.F. of less than $20 million may request in addition to the general 50 per cent increase in quotas. The 19 countries who have this option may also request corresponding increases in their subscriptions to the I.B.R.D.

[2] The table includes, for these 17 countries, the special additional increases approved by the Boards of Governors of the I.M.F. and the I.B.R.D.

As honourable senators will see from this table, the actual contribution quota for Canada is $300 million to the Fund and $325 million to the Bank, making a total of $625 million. At the same time, it will be seen that this actual quota is to be increased by the present bill to a new quota of $550 million for the Fund and $750 million for the Bank. It represents an increase of 100 per cent for the Bank and a little less than 100 per cent for the Fund.

It will be easily noticed from the table that as far as almost all important nations are concerned, the increases in quotas are, with some variations, in similar proportions.

In December 1958, at Washington, the Executive Directors to the Board of Governors of the International Monetary Fund, having studied the question of enlarging the resources of the fund through increases in quotas, following a resolution to that effect of the Board of Governors of the institution, had this to say in their report:

The need for an increase in the Fund's resources arises from the tasks which, under its articles of agreement, the Fund has to perform in an expanding world economy. The role that the Fund is likely to play in the future and the resources it will need for this purpose can best be assessed in the light of the experience it has accumulated and the policies it has pursued in the twelve years of its existence.

The Fund has two main tasks which are clearly intertwined. It promotes international monetary co-operation and exchange stability as a basis for the balanced growth of world trade. It also provides financial assistance to members to help them stabilize their currencies, maintain or move toward convertibility, and overcome temporary balance of payments problems without resort to policies that would be harmful to national or international prosperity. While the first task is a continuing one, experience has shown that the granting of financial assistance tends to be concentrated in certain periods characterized by exceptional strains in the world's monetary system. Major economic and financial developments will often affect several countries more or less at the same time, so that the calls on the Fund's resources may be of substantial proportions in a relatively short period. There was one such period in the early years of the Fund's existence, namely, in 1947-49, when certain European countries suffered from extreme foreign exchange shortages; and another, leading to even larger drawings, which started late in 1956.

That is not the Canadian situation concerning inflation; that is the universal situation, as exlained in the report from which I am now quoting.

Although the extreme tensions that gripped the major exchange markets in 1956 and 1957 have now abated, requests for financial assistance from members continue to be received almost every month. Countries whose economies are subject to wide seasonal swings have called on the Fund for short-term assistance to bridge the seasonal troughs in their reserves, and many other countries have also come to the Fund for assistance when, for particular reasons affecting their own economies, they have experienced difficulties in their balance of payments.

Since the beginning of its operations, the Fund has made available about $4.1 billion to 36 countries. Of this sum $3.2 billion was drawn in some 150 transactions; over $800 million is still available for drawing under open stand-by facilities;—

Hon. Mr. Vaillancourt: May I ask the honourable gentleman if only occidental countries are joined together in this brotherhood plan, or are other countries included?

Hon. Mr. Monette: That is not stated in the report from which I am quoting. I assume they are occidental countries only, but I am not sure. That may come out in committee.

Hon. Mr. Vaillancourt: I am sure that Russia would not join in the plan.

Hon. Mr. Monette: I fancy not.

I continue to quote from the report:

—and stand-by credits of over $100 million were allowed to expire as the members concerned no longer felt the need for them. About two-thirds of the total of $4.1 billion has been arranged in the last two years. The needs for assistance in this recent period have arisen from a wide variety of causes which have revealed the many-sided nature of the Fund's financial activities.

Concurrently with that report in relation with the Fund, the executive directors of the Board of Governors of the International Bank made their own report in Washington, on December 22, 1958, and they said the following about the needs of the Bank for an increase in capital:

THE NEED FOR AN INCREASE IN CAPITAL

16. It is the opinion of the Executive Directors that in today's conditions the present capital structure does not give the Bank the borrowing capacity needed to enable it to meet the reasonable requirements of its lending operations in the near future.

17. The level of Bank lending has been rising rapidly. The $711 million of new loans made during the fiscal year ending June 30, 1958 represented an increase of more than 75 per cent above the average of the three preceding years. During the first five months of the current fiscal year, the rate of lending has been higher still: by the date of this report, loans had totalled over $430 million.

18. The Executive Directors believe it prudent to assume that Bank lending will continue at or above recent levels in the foreseeable future. There is every reason to think that the demands of member countries for foreign capital will grow, and that the Bank, without lowering its standards, will be able to find increasing opportunities for sound lending. Even at current rates of lending, the Bank will have to borrow in the future on a greater scale than ever before.

Drawings of $15 million have been made from the International Monetary Fund in Canadian currency. In the case of the International Bank, authorization has been given to lend, without restriction, the 18 per cent of the Canadian subscription usable only with our concurrence. In addition, the Bank has been able to place in the Canadian money market three bond issues totalling $50 million. Total disbursements in Canadian funds on International Bank loans now amount to about $110 million. These outlays have, of course, assisted Canadian business in that they have enabled countries receiving loans from the fund and bank to finance purchases in Canada.

It will no doubt appear to honourable senators that the successful functioning of these organizations is vital to Canada's economic and political interests. From a commercial point of view Canada, as a nation dependent for its economic welfare on the balanced growth of international trade, is as interested as any other country in the continued success of these agencies. The International Monetary Fund, by providing a second line of foreign exchange reserves, has contributed to a higher level of international trade than would otherwise have been possible. Member countries have, with the help of the International Monetary Fund, been able to overcome temporary payment difficulties without sharply reducing the level of their imports. Through the process of annual consultations the International Monetary Fund has been able to encourage countries to reduce substantially the maze of exchange and trade restrictions inherited from the war and the period of reconstruction. The International Bank has also played its part in the development of trade through its program of loans and technical advice to underdeveloped countries. These activities contribute to a rising level of economic activity in these countries and in this way enable them to play an increasing role in the expansion of world trade.

While the Bank and the Fund are, of course, world institutions, the benefits derived by the commonwealth have been particularly impressive. The importance which commonwealth countries attach to the Bank and Fund was clearly reflected in the unanimous endorsation given at the Montreal conference last September to an expanded role for these two organizations. Since the inception of the Fund until the end of February, 1959, member countries have obtained loans of foreign currency to a total amount of $3,238 million. Of this total $1,258 million has been made available to commonwealth countries.

Of the total loans authorized by the International Bank from 1946 until February of this year, amounting to $4,238 million, an amount of $1,386 million has been provided to members of the commonwealth.

Our interests in these institutions go beyond economic considerations. The I.M.F. —International Fund—and the I.B.R.D.—International Bank—have made a marked contribution toward the attainment of our central objective of world peace and security. By helping to stabilize the economies of the free nations of the world, by promoting a balanced expansion of world trade, and by channelling vast quantities of financial aid without political strings, the Fund and Bank have helped to remove potential sources of economic dislocation, social unrest and political instability in those countries which constitute the more exposed bastions of the free world.

For all these reasons, it is important that the resources of these two institutions should be adequate for the continuation of their work. This is not the case at present. The original Fund quotas were calculated in 1944 at the Bretton Woods conference in the light of conditions prevailing at that time. Since then there has been an enormous increase in the volume and value of international trade. Moreover, the circumstances of the past few years have led to very heavy commitments on the existing resources of the fund. As a consequence the uncommitted resources available to the Fund are insufficient to meet potential future demands.

A similar situation exists with respect to the Bank. The main source of funds for the Bank's lending activities is the sale of debentures to private investors. It is primarily the guarantee provided by the 80 per cent uncalled subscriptions of the United States, Canada and other economically strong member countries which enables the ready sale of international bank debentures in the private sector of the world economy. With total outstanding loans of $3,763 million at March 31, 1959, and current lending in excess of $700 million per year, the time may soon be approaching when additional guarantee would be necessary to ensure the marketability of International Bank bonds.

Honourable senators will notice from the table that Germany, Japan and several other countries together with Canada will be increasing their quotas by more than the general percentage appearing in the table. It has been so decided and it is to be approved by the interested countries.

It appears to be quite plain that the particularly rapid economic growth of Canada in recent years is ample reason for a special increase in the Canadian subscription in the two agencies over and above the general increase. This special increase will enable Canada to continue to play a role in the work of the Bank and Fund in keeping with our growing economic stature in the world.

In specific terms, it is proposed that Canada's quota in the International Monetary Fund be increased from $300 million to $550 million—not quite double. This increase would involve outlays to the Fund of gold to the value of $62.5 million and non-interest-bearing Government notes in an amount of $187.5 million. For the International Bank the proposal is to increase our subscription to $750 million from the existing figure of $325 million.

The United States increase is set out in the table which I have presented. The United States subscription to the Bank will be raised from $3,175 million to $6,350 million; in other words, it will be doubled. This increase on the part of Canada from $325 million to $750 million in its subcription to the International Bank would call for payments of $1 million in United States dollars and $9 million in non-interest-bearing Government notes, usable only with Canadian concurrence. The remaining $415 million will be in the form of a guarantee only. To clarify the financial implications of the increases in our contributions I wish now, with the permission of the Senate, to submit a table showing these implications in detail.

The Hon. the Speaker: Is this table to be incorporated in *Hansard*?

Hon. Mr. Monette: I am not proposing that at the moment, but I am at honourable senators' disposal.

Hon. Mr. Brunt: Put it in *Hansard*.

Hon. Mr. Beaubien: Put it in the record.

Hon. Mr. Vaillancourt: It should be in the record.

Hon. Mr. Monette: Very well.

FINANCIAL IMPLICATIONS OF CANADA'S INCREASED CONTRIBUTION TO THE I.M.F. AND THE I.B.R.D.

	Canada's quota and subscription	Payment in gold or U.S. dollars	Payment in Canadian currency or non-interest-bearing notes	Guarantee
	(Millions of U.S. dollars)			
I.M.F.				
Present quota	300.0	75.0	225.0	
Proposed increase	250.0	62.5	187.5	
I.B.R.D.				
Present subscription	325.0	6.5	58.5	260.0
Proposed increase	425.0	1.0	9.0	415.0
	1,300.0	145.0	480.0	675.0

As to the Fund, the present quota obtaining up to now is $300 million. The proposed increase is $250 million, making a total quota of $550 million. The payment in gold for the proposed increase would be $62.5 million. The payment in Canadian currency under the present quota is $225 million and the proposed increase is $187.5 million.

As to the Bank, the present subscription of Canada is $325 million, and the proposed increase is $425 million. The payment in gold under the present subscription is $6.5 million, and the increase would add $1 million.

As to the payment in Canadian currency or non-interest-bearing notes, the present quota under the Fund is $225 million, and the proposed increase is $187 million. The present subscription in Canadian currency is $58.5 million, and the proposed increase is $9 million.

The payments in gold or United States dollars in respect of the Fund and the Bank will be made from existing holdings in the Exchange Stabilization Fund. No other cash payments will be required. The increases in Canada's quota in the Fund and in our subscription to the Bank will appear as loans and investments in the public accounts and, accordingly, do not affect the level of the net national debt.

This amendment, as it appears in the bill, involves not only an appropriate increase in the ceiling on funds to be provided for our subscriptions to these two international institutions, but also a change in the form of the ceiling. This is really a technical matter, but a word of explanation may perhaps be helpful.

As honourable senators will see from the first table which I submitted, all subscriptions under the Bretton Woods Agreements are denominated in terms of United States dollars. In other words, the United States dollar is the yardstick used. The ceiling is expressed in Canadian funds, to be appropriated in terms of United States dollars. The actual sum is 1,300 million United States dollars. In this we are following the practice of the United Kingdom and other countries.

Honourable senators, at this very moment when we are considering this bill the atmosphere of the world is heavily loaded and feelings are tense. What lies in the future is most serious and unpredictable. The contemplated sacrifices of our country for the preservation of civilization may affect the balance of our economy. There is no doubt, however, that we all wish to show a united soul and a determined will to reach and maintain our noble humanitarian designs and at the same time to serve civilization.

On motion of Hon. Mr. Reid, debate adjourned.

JUDGES BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. William R. Brunt moved the second reading of Bill C-56, to amend the Judges Act.

He said: Honourable senators, in rising to explain this bill I feel a bit embarrassed, because I am a very junior senator in this chamber.

Hon. Mr. Reid: That is something for the record.

Hon. Mr. Brunt: And I do not think I should speak twice at one sitting of the Senate. However, it happened that last session I explained a similar bill, and for that reason my leader (Hon. Mr. Aseltine) asked me to explain this one. In addition, I suddenly found that the Judges Bill and the bill to amend the Federal-Provincial Tax-Sharing Arrangements Act

were placed on the Order Paper for consideration today. So my hands were tied, and you will have to listen to me twice at one sitting.

Honourable senators, this is a bill to amend the Judges Act. The legislators of the provinces of Quebec, British Columbia and Alberta have passed and proclaimed legislation which provides for certain judicial appointments, and the amendments now proposed to the Judges Act are required in order to give effect to these new appointments.

Honourable senators are aware that by section 92, subsection 14, of the British North America Act the provinces have jurisdiction over the courts within the province. Section 96 of that act makes provision for appointment of judges of the Superior Court and/or Supreme Court in each province by the federal Government. Further, section 100 of the act charges the federal Government with the payment of salary, allowances and pensions of such judges.

The present bill consists of three short clauses.

Clause 1 specifies that there shall be 51 puisne judges of the Superior Court of Quebec. Under the present act there are 48. The appointment of three additional judges as provided for by this bill will greatly facilitate the work of the Superior Court in that province. Furthermore, the judges are each to be paid an annual remuneration of $16,900.

Clause 2 of the bill provides that there shall be 13 judges of the Supreme Court of British Columbia. Under the present act there are 11 judges. Again, the appointment of two additional judges will greatly facilitate the work of the Supreme Court of that province. This clause also provides for an annual remuneration of $16,900 to be paid to each judge of the Supreme Court of British Columbia.

Finally, clause 3 deals with the province of Alberta and provides for eight judges of the Supreme Court of Alberta, at an annual salary of $16,900 each. This clause increases by two the number of judges of the Supreme Court of Alberta, and again the appointment of the two additional judges is being made to assist and facilitate the work of the Supreme Court in the province.

Hon. J. W. deB. Farris: Honourable senators, I am very glad to support this bill. I can speak as the senior senator from British Columbia, and by protocol the senior lawyer in that province next to the Attorney General.

Some months ago I wrote to the Minister of Justice urging that additional judges be appointed in British Columbia. Of course, I am not qualified to speak with any authority concerning the two other provinces for which the bill makes provision, but I have no doubt that the situation there is similar to that in British Columbia. Conditions in British Columbia are such that I would say we probably could not get a case even set down for trial before next February. Last week there was one judge of the Supreme Court available in the city of Vancouver, and the rest were tied up with work or on circuit.

I think everyone agrees that one of the essentials for proper administration of justice is reasonably prompt disposal of cases. The present situation is intolerable, and I highly commend the Government for introducing a bill of this kind. May I add that I hope the appointments will follow very quickly after this bill is passed.

Hon. Mr. Brunt: We will try to see that that is done.

Hon. Mr. Farris: The honourable minister and his associates have had ample time to arrange for prompt appointments, because this matter has been under consideration for some months. I have no doubt they have made up their minds as to who the appointees will be. I am a great believer in keeping the ship on a more or less even keel among judges, and for that reason I can see no reason why the Minister of Justice should not select the appointees in British Columbia from his own party. I am sure there are very many excellent men in that party available for appointment, and I heartily endorse this bill.

On motion of Hon. Mr. Reid, for Hon. Mr. Bouffard, debate adjourned.

PRIVATE BILL

FREE METHODIST CHURCH IN CANADA— SECOND READING

Hon. Norman P. Lambert moved the second reading of Bill S-27, to incorporate The Free Methodist Church in Canada.

He said: Honourable senators, Bill S-27 has to do with a proposed merger of the Free Methodist Church and The Holiness Movement Church in Canada. Many of us who have lived in this country for a long time are, I am sure, not unfamiliar with the names of these two institutions, but it may not be amiss if, for a moment or two, I make reference to the historic background of these two denominational institutions.

The Free Methodist Church had its beginning in Canada in the early years of the 1870's, when Bishop B. T. Roberts of the Free Methodist Church of North America accepted an invitation to conduct some services in the area of Agincourt, Ontario, which is now a suburban district fairly close

to the city of Toronto. From that beginning interest spread until, within a few years, churches were organized in various sections of Ontario, and it continued until each of the Prairie provinces were reached and some points in the province of Quebec. The outcome of this was the organizing of four conferences, with headquarters in the United States, contributing to their funds for evangelism, missions, superannuation and other various overall expenses of the church. This continued until 1923, when an agreement was reached between the general church and representatives of the Canadian conferences whereby the Canadian conferences would retain in Canada all moneys raised for evangelism and the superannuation fund, and thus assume the responsibility for these causes.

The Canadian conferences also agreed to share in the operating costs of the general church. While no definite agreement was made relative to missionary activities, the Canadian conferences have voluntarily and generously supported the missionary endeavours of the general church.

In 1927 a Canadian act of incorporation was secured, thus establishing The Free Methodist Church in Canada. Immediately following this a Canadian Executive Board of the Canadian church was formed and has since been appointed in accordance with the provisions of the act. It might be interesting to note that the present President of this board is the Reverend J. A. Robb, who for many years was a pastor and superintendent of the West Ontario Conference. The Vice-President is the Reverend C. W. Reynolds, who has had several years of experience as pastor and superintendent of the East Ontario Conference. The Secretary is the Reverend R. L. Casement, who has been a pastor for 28 years, a superintendent for 8 years, and is now completing 9 years as secretary of this board. The Treasurer is Mr. L. A. Freeman, a school teacher for many years, and now principal of a large school in Hamilton, Ontario. These four persons have been designated the Board of Directors. In addition, there are members of the Executive Board in Alberta, and Western Ontario, whose names will be made known in committee in the presentation of the church officials.

That briefly states the background of one party to this merger, The Free Methodist Church.

The other party to the agreement concerned, The Holiness Movement Church, was organized at about the beginning of the present century and is, therefore, approximately 60 years old. It obtained a charter in Canada. The founder was Bishop R. C. Horner, who had the reputation of being a man with evangelistic fervour and a great capacity for organization. Whether any of his descendants have gone to Saskatchewan I do not know, but, at any rate, the name is the same as that of the honourable senator from Blaine Lake. Several churches were built in central and eastern Ontario, and a few in Quebec and the United States. Interest spread later to the Prairie provinces, and in time an eastern and a western conference were organized. A strong missionary emphasis developed, until the work in foreign fields surpassed, in members and churches, that in the homeland of Canada. A conference was organized in Egypt with 70 churches and 7,000 to 8,000 members. There was also active mission work in China until it became necessary, under the present régime in that country, for missionaries to leave there. Since then, however, their work has been revived in Hong Kong. The work of this church has been established also in South America.

Through the years that the Free Methodist and the Holiness Movement churches have operated in Canada, friendly relations have existed between them and, while there was never any written agreement, there seems to have been a mutual understanding that they would not infringe on each other's territory in connection with the promotion of their beliefs. It was no uncommon thing for the pastors to exchange pulpits and, in several instances, the Holiness Movement pastors have transferred to the Free Methodist Church and have served acceptably for many years.

During recent years a growing feeling developed on the part of the leaders and many laymen in the Holiness Movement Church that, owing to their heavy missionary program, and realizing that the doctrines of the two churches compared favourably, it would be the reasonable thing to do, and it would strengthen the forces for greater progress, if the Holiness Movement Church were to merge with the Free Methodist Church in Canada.

With these facts as the motivating principles, the officials of the two bodies had several friendly discussions that resulted in all the necessary requirements being met. More than the required majority, both of ministers and laymen, voted in favour of the merger. The leaders of both groups have endeavoured to have the Agreement of Merger in harmony with both the church and civil laws. Legal advice was obtained to accomplish this end, and it is the sincere desire of all who have laboured so conscientiously for this bill that it may prove a great blessing to their combined religious cause.

Hon. Mr. Farris: What is the significance of the word "free"?

Hon. Mr. Lambert: The Free Methodist Church is the established name and the one adopted from the very beginning. I think it came to Canada from the Old Country.

Hon. Mr. Farris: I would assume that all churches in this country are free.

Hon. Mr. Lambert: I am sure my honourable friend is familiar with the term Wee Frees in the Presbyterian Church. I might say that this bill has been scrutinized very thoroughly by the legal representatives of both parties to the proposed merger.

Hon. Mr. Farris: I was not questioning anything. I was merely seeking information.

Hon. Mr. Lambert: The bill has been examined also by the Law Clerk of the Senate. I believe it is patterned after the 1924 bill to incorporate the United Church of Canada. Some honourable senators may recall the debate that took place in this chamber at that time as to the various legal provisions relating to distribution of property, and so on. I think they will agree there is every justification for the present bill following pretty closely the pattern of the United Church of Canada Bill.

Honourable senators, the bill before the house consists of 14 clauses, together with two schedules. The first schedule is an extract from the Agreement of Merger relating to the organization and government of the church, and the second is an extract from the Agreement of Merger relating to the trustees who are involved in the transfer of property.

If this bill is given second reading I will move that it be referred to the Standing Committee on Miscellaneous Private Bills for our further enlightenment. I am sure that officials of both churches will be present to answer questions.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Lambert, bill referred to Standing Committee on Miscellaneous Private Bills.

The Senate adjourned until Tuesday, June 16, at 8 p.m.

THE SENATE

Tuesday, June 16, 1959

The Senate met at 8 p.m., Hon. Lionel Choquette, Acting Speaker, in the Chair.

Prayers.

CANADA-FINLAND INCOME TAX CONVENTION BILL

FIRST READING

The Hon. the Acting Speaker informed the Senate that a message had been received from the House of Commons with Bill C-54, to implement a convention between Canada and the Republic of Finland for the avoidance of double taxation with respect to income tax.

Bill read first time.

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

Hon. Mr. Aseltine: Thursday next.

PRIME MINISTER'S RESIDENCE BILL

FIRST READING

The Hon. the Acting Speaker informed the Senate that a message had been received from the House of Commons with Bill C-64, to amend the Prime Minister's Residence Act.

Bill read first time.

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

Hon. Mr. Aseltine: Thursday next.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following documents:

Report on the administration of allowances for blind persons in Canada, for the fiscal year ended March 31, 1958, pursuant to section 12 of the Blind Persons Act, Chapter 17, R.S. 1952, and amending Statutes. (French text).

Report by the Tariff Board, dated March 10, 1959, relative to the investigation ordered by the Minister of Finance respecting silk and man-made fibres and products (so-called synthetics)—being Reference No. 125 (Textiles) (English and French texts); together with a copy of the transcript of the evidence presented at public hearings (English text), pursuant to section 6 of the Tariff Board, Act, Chapter 261, R.S. 1952.

Report of the Restrictive Trade Practices Commission, concerning the sale and distribution of surgical rubber gloves and certain other surgical supplies, pursuant to sections 18 and 19 of the Combines Investigation Act, Chapter 314, R.S. 1952. (English text).

The Canada Gazette, Part II, Statutory Orders and Regulations, 1959, Wednesday, June 10, 1959, pursuant to section 7 of the Regulations Act, Chapter 235, R.S. 1952. (English and French texts).

EDUCATION

SUPPLEMENTARY ANSWER TO INQUIRY

Hon. Mr. Aseltine: Honourable senators, on June 3 I presented the answer to an inquiry of the honourable junior senator from Winnipeg (Hon. Mr. Wall) concerning federal Government contributions to education in which he inquired, first, what were the contributions during the fiscal year ending March 31, 1959, and, second, the estimated contributions for the fiscal year ending March 31, 1960.

It has been brought to my attention that under the heading of the National Research Council the estimated contributions for the fiscal year ending March 31, 1960 were omitted. With leave of the Senate I should now like to present a supplementary answer covering this omission, and recommend that in the revised copy of *Hansard* this part of the answer be inserted under the appropriate heading of the answer to the inquiry tabled June 3.

For supplementary answer, see p. 737.

PRIVATE BILL

STANDARD TRUST COMPANY—FIRST READING

Hon. William R. Brunt presented Bill S-22, to incorporate Standard Trust Company.

Bill read first time.

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

Hon. Mr. Brunt: With leave of the Senate, I move that this bill be placed on the Orders of the Day for second reading tomorrow.

Hon. Mr. Reid: Why the haste?

Hon. Mr. Brunt: I am afraid that otherwise Parliament might prorogue before we could get the bill to the House of Commons. If that should occur the sponsors would lose the money that they have deposited with Parliament to cover the fees payable on this bill, and all I want to do is to prevent this.

Hon. Mr. Croll: What is wrong with that?

Hon. Mr. Power: If the honourable senator would guarantee that Parliament will prorogue as soon as that I would be glad to facilitate passage of this bill. Otherwise, I do not see why we should.

Hon. Mr. Brunt: Unless the bill is given second reading tomorrow I am afraid that Parliament will have prorogued before it could be passed there. Once fees of this nature have been paid they are irrecoverable.

Hon. Mr. Power: What time would be gained if we passed the motion made by the honourable senator from Hanover (Hon. Mr. Brunt)?

Hon. Mr. Brunt: If the bill were given second reading tomorrow it could go to committee on Thursday; otherwise, it will not go to committee until next week.

Hon. Mr. Beaubien: It could not go to committee on Thursday.

The Hon. the Acting Speaker: Honourable senators, has the honourable Senator Brunt leave to move that this bill be placed on the Orders of the Day for second reading tomorrow?

Hon. Mr. Power: No.

Hon. Mr. Brunt: Then I move that the bill be placed on the Orders of the Day for second reading on Thursday.

Motion agreed to.

EXPORT CREDITS INSURANCE BILL

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented a report of the committee on Bill S-22.

The report was read by the Clerk Assistant:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (S-22) intituled: "An Act to amend the Export Credits Insurance Act", report as follows:

Your committee recommend that authority be granted for the printing of 600 copies in English and 200 copies in French of their proceedings on the said bill.

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

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

Motion agreed to.

REPORT OF COMMITTEE

Hon. Mr. Hayden presented a further report of the Standing Committee on Banking and Commerce on Bill S-22.

The report was read by the Clerk Assistant:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (S-22) intituled: "An Act to amend the Export Credits Insurance Act", have in obedience to the order of reference of May 27, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

The Hon. the Acting Chairman: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Reid: Next sitting.

Hon. Mr. Méthot: Next sitting.

INCOME TAX BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill C-48.

The report was read by the Clerk Assistant:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-48), intituled: "An Act to amend the Income Tax Act", have in obedience to the order of reference of May 27, 1959, examined the said bill and now report the same with the following amendments:

1. Page 11, line 16: After "or" insert "charter-party".
2. Page 11: Strike out clause 19.

The Hon. the Acting Speaker: Honourable senators, when shall these amendments be taken into consideration?

Hon. Mr. Hayden: Next sitting.

DIVORCE

REPORTS OF COMMITTEE ADOPTED

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 353 to 361, and moved that the said reports be considered now.

He said: Honourable senators, perhaps these reports stand in a little different position from those which have just been presented and on which consideration has been set over until next sitting. If the divorce bills concerned in these reports are not considered before the end of the present session we would not have to remit the fees paid, but we would have to hear the cases again next session.

Motion agreed to.

EXCISE TAX BILL

On the Orders of the Day:

Hon. David A. Croll: Honourable senators, on Wednesday last when the honourable

Senator Farris was permitted to speak on the motion of the honourable Senator Hayden for concurrence in the committee amendments to the Excise Tax Bill it was understood that the resumed debate would be the first order for today—at least, that was my understanding—but now I find that it is No. 6 on today's Order Paper.

Hon. Mr. Aseltine: Would it be satisfactory to the honourable senator and other honourable senators if I moved that item No. 6 be the first order for consideration tomorrow?

Hon. Mr. Croll: Agreed.

Hon. Mr. Aseltine: Then I move that Order No. 6 on today's Orders of the Day be placed on tomorrow's Orders of the Day as the first order.

Motion agreed to.

NATIONAL ENERGY BOARD BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

The Senate resumed from Wednesday, June 10, the adjourned debate on the motion of Hon. Mr. Thorvaldson for the second reading of Bill C-49, to provide for the establishment of a National Energy Board.

Hon. Paul H. Bouffard: Honourable senators, I do not intend to be long in discussing this bill, for it is going to go to committee where it will be fully examined. I feel the bill in general is a good one because it implements the recommendations of the Borden Commission dealing with gas and oil and pipe lines generally. There are some remarks I want to make at this time in order to have my thoughts on record when the bill is at the committee stage.

The first point I wish to raise is in connection with section 15 of the bill, which reads:

> (1) Any decision or order made by the board may, for the purpose of enforcement thereof, be made a rule, order or decree of the Exchequer Court or of any superior court of any province of Canada and shall be enforced in like manner as any rule, order or decree of such court.

The suggestion I am going to make about this section is for the purpose of enabling the board to have its orders properly executed. In the course of its existence the board will have to issue various orders and decrees. For example, in some cases it may require an owner to do something for the safety of the public, or it may order the extension of a system to a municipality or a county or somewhere else. If the board's decision in connection with any of these matters is not carried out, then the order or decree of the board will be made a rule of the Exchequer Court by the production of such order or decree to the Exchequer Court, after which it can be executed as in the case of a judgment.

To my knowledge there is nothing that the Exchequer Court can do to force a person or a company to do anything *manu militaire;* that is to say, if something is ordered to be done by the court and the owner defaults, then damages can be claimed against the owner. I know that in the province of Quebec no judgment can be executed otherwise. That has been the practice in Quebec. If an owner does not carry out an order, the commission or board is empowered to have the order carried out at the expense of the owner. I would like to see this statute authorize the National Energy Board, if its decision or order is not followed, to carry out the work itself at the expense of the owner. Such a provision exists in Quebec statutes dealing with similar commissions or boards, and I think it would provide a safety precaution against any such difficulty that may arise in the operations of the National Energy Board.

Hon. Mr. Roebuck: Is it not possible for the court to make such an order, if it may issue decrees? That is what the bill says. Can the court not order the work to be done, and, in default of its being done by the owner, can it not be done by the board at the expense of the owner?

Hon. Mr. Bouffard: Even if the Exchequer Court could do that, I do not believe this legislation gives the board the right to do it at the expense of the owner. If the Exchequer Court could authorize the board to do the work at the expense of the owner, then this legislation should give the National Energy Board a similar right in accordance with its functions. I do not believe there is any such power given to the board at the present time. There would be no possibility of executing a judgment of that kind in Quebec unless the board were authorized to execute at the expense of the owner. Proceedings may be different in other provinces and it might be possible to have an order executed *manu militaire* by the board at the expense of the owner, but not in Quebec, unless properly authorized under the act. I would suggest that the legislation authorize the board to do the thing that it orders be done at the expense of the owner. It would serve as a precaution. Of course, if it is not necessary, let us not put it in, but I do think it would be a precautionary measure.

The second point I wish to deal with concerns section 19 of the bill, dealing with a writ of *certiorari,* prohibition or *mandamus* and writs of that kind. The section reads:

> (1) Except as provided in this act, every decision or order of the board is final and conclusive.

(2) The Exchequer Court of Canada has exclusive original jurisdiction to hear and determine every aplication for a writ of *certiorari*, prohibition or *mandamus* or for an injunction in relation to any decision or order of the board or any proceedings before the board.

(3) A decision or order of the board is not subject to review or to be restrained, removed or set aside by *certiorari*, prohibition, *mandamus* or injunction or any other process or proceeding in the Exchequer Court on the ground

(a) that a question of law or fact was erroneously decided by the board; or

(b) that the board had no jurisdiction to entertain the proceedings in which the decision or order was made or to make the decision or order.

That is something which I find unfair in this legislation. If there is no possibility for the court to assure *certiorari* or prohibition against the board for lack of jurisdiction, I do not know what is to be gained by the issue of a writ of *certiorari* or especially of prohibition. I fail to see why the board should not be subject to the ordinary writs which have been given to the people of Canada for such a long time.

Hon. Mr. Roebuck: Yes, it is a most unusual procedure.

Hon. Mr. Bouffard: I do not see why we have it. It is the habit of Government today to remove such writs to prevent proceedings being taken before the courts because of lack of jurisdiction. It seems to me that this new board, which is just going to start its work, will not act without jurisdiction, but I would strongly urge that we do not remove such writs at the present time for lack of jurisdiction.

The third point I wish to deal with concerns international power lines. As we all know, in most provinces of Canada, especially in Quebec, Ontario, British Columbia, Nova Scotia and New Brunswick, there are hydro-electric commissions. If there is not one in Saskatchewan there will be one there very soon. Their activities consist of developing power in the province, and in many cases distributing electricity. Some of these lines are interprovincial, which would not be affected, but others are international, to which this bill would apply. For instance, the Hydro Commission in Quebec has built up a power line to the border of the United States, and supplies power to a utility company in the United States, which comes to get it at the border. I am sure that other provinces that happen to export power have the same arrangement. According to the bill before us, I think power lines which have actually been considered as provincial lines might be considered as international power lines and be taken over and come within the jurisdiction of the board. The definition of an international power line is given in section 2(h):

"International power line" means facilities for the transmission of power from any place in Canada to any place outside Canada.

In such a case, my contention is that when a power line is completely situated within a province and delivers power for export purposes to a utility company which comes and takes it at the border, it is not an international power line. No doubt honourable senators recall a decision of the Board of Transport Commissioners given last year in a case of that kind. The case in question was that of a pipe line construction in the Yukon, the purpose of which was to transport oil into Alaska. Another company was formed in Alaska. One company was completely situated in the Yukon, that is, in Canada, and the other, an American company, was completely situated in Alaska. The conclusion of the Board of Transport Commissioners was that this was one line and was to be considered as an international pipe line. Well, I am afraid that, under this bill, electric power lines which for many years have been built up right to the border of the United States and connected there might be considered as international power lines, and if so they would come under the complete jurisdiction of the new board and the provinces would completely lose control over these lines which they have built up for many years.

What would be the consequences of these lines being considered as international power lines? First of all, the Government of the province which had possession of these lines, having built them up, would, if they submitted them to the jurisdiction of the National Energy Board, have to apply for a licence for an extension of a line, even if the line were completely inside the province. For instance, if one of these lines existing at the present time which extended to the border of the United States was required by a province to be extended to serve a municipality inside the province, even if it were a branch of that line, both the main line and the branch line would come under the jurisdiction of the National Energy Board. The rates would be decided by that board, the way in which it was to be constructed would be decided by the board, and the licence granted could be suspended or completely cancelled by the board. Well, it seems to me that since the provinces built up these lines, paid for them, operated and managed them for many years, the provinces should not lose complete control over the lines they have built up.

Hon. Mr. Vien: Can the honourable senator tell us if there is anything in the bill to protect vested rights, or if the bill has any retroactive effect?

Hon. Mr. Bouffard: The only thing that protects these lines is that the line or lines

are licensed until the commission decides otherwise. There is no doubt that the board will have jurisdiction to give orders as to where the lines shall go, and as to the toll rates. It would be as though a commission held control, without the existing utility losing power to operate the lines. The board would be in a position to give orders and to exercise complete jurisdiction over these lines in the future.

Hon. Mr. Roebuck: To what section does the honourable senator refer?

Hon. Mr. Bouffard: About the power of the board?

Hon. Mr. Roebuck: Yes.

Hon. Mr. Bouffard: Section 44. Section 43 says:

(1) No person shall operate an international power line unless there is a certificate in force with respect to that international power line.
(2) No person shall operate an international power line otherwise than in accordance with the terms and conditions of the certificate issued with respect thereto.

Then section 44 says:

The board may, subject to the approval of the Governor in Council, issue a certificate in respect of a pipe line or an international power line if the board is satisfied that the line is and will be required by the present and future public convenience and necessity, and, in considering an application for a certificate, the board shall take into account all such matters as to it appear to be relevant, and without limiting the generality of the foregoing, the board may have regard to the following:
(a) the availability of oil or gas to the pipe line, or power to the international power line, as the case may be;
(b) the existence of markets, actual or potential;
(c) the economic feasibility of the pipe line or international power line;
(d) the financial responsibility and financial structure of the applicant, the methods of financing the line and the extent to which Canadians will have an opportunity of participating in the financing, engineering and construction of the line; and
(e) any public interest that in the board's opinion may be affected by the granting or the refusing of the application.

Section 45, 46 and 47 give full control to the board over these power lines.

It seems to me that the bill goes a little too far as regards any provincial Government line. Since the provincial Government built the line, financed its construction, operated it up to the present time, fixed the rates, found a market in the United States and is delivering power there, I do not think the line should be placed under the jurisdiction of the dominion Government.

Hon. Mr. Roebuck: Will the honourable gentleman permit a question? Would he draw any distinction between a provincial power commission and a private company?

Hon. Mr. Bouffard: Yes. A private company is subject to control by a provincial board. However, in the case of a provincial Government-operated utility no such control exists. No control is exercisable as to the route to be followed, financial arrangements and construction, and no requirement exists for a Government-owned utility to obtain a certificate of public convenience. My contention is that where such a power line exists as an exclusive provincial right it should continue to remain so and not, under the pretext that it is a line that runs to the United States, be termed an international power line and become subject to control by a federal board.

Hon. Mr. Roebuck: Has it not always been the case under the British North America Act that power lines which connect provinces or a province with a foreign country are under dominion jurisdiction?

Hon. Mr. Bouffard: Mind you, at the present time it is not proposed to have the board exercise control over a line that operates in two or more provinces. Control is proposed to be exercised only if the line transmits power from any place in Canada to any place outside Canada.

Hon. Mr. Roebuck: Is that not covered by the British North America Act?

Hon. Mr. Bouffard: Undoubtedly it is. I think it is quite in order in the case of a power line extending from any place in Canada to any place in the United States that it should be controlled, because it is what we would call an international power line. But my contention is that if the line terminates within the province, at the border, and the power is there delivered to the line of a power company in the United States, the line is completely within the province. It is quite in order that the federal Government have the decision as to whether such power should be exported, but once the question of exporting power has been decided on I do not think there should be federal control exercised over the line itself.

Hon. Mr. Roebuck: May I ask another question? Is that not a matter for the courts to decide, not in accordance with this act but in accordance with the British North America Act? If the power line does not go beyond the border the courts may hold that it is not an international power line, in which case this act will not apply to it—it cannot apply, because the line will be under provincial jurisdiction irrespective of what legislation we pass. Is that not a matter for the courts to decide?

Hon. Mr. Bouffard: You are quite right, but in my opinion the less we leave the

courts to decide, the better it will be. If we do as I suggest it will clarify the matter by putting this type of utility outside of what is defined as an international power line. Such a course would leave that much less for the courts to decide.

Hon. Mr. Roebuck: We have not the power to do that.

Hon. Mr. Bouffard: We have that power. As I read it, the definition says that a line that originates in Canada and goes into a foreign country is an international power line. Consider the situation with regard to the oil pipe line which extends from the Yukon to Alaska: it is operated in the Yukon by a Canadian company and in Alaska by an American company. Well, the Board of Transport Commissioners concluded—I do not think unanimously—that it was what we propose to call an international pipe line.

I would like to avoid the possibility of creating a situation that would give rise to litigation. Why not define an international power line as being a line belonging to an owner and which runs into the United States from Canada. That could very well be. But, honourable senators, it seems to me that if ownership of the line terminates at the border it should not be classed as an international power line; it should be left in the control of those who built it and who have operated the line up to now, especially in the case of a line belonging to a provincial hydro system. It seems to me that in the bill we should clarify this situation. That is my suggestion. Let us clarify the situation, let us define an international power line as a line extending from Canada to a foreign country, but making the exception that if a line goes to the border only and is there joined to a public utility line operating in the United States it is not to be classed as an international power line. Such a provision in this bill would not affect the federal Government's jurisdiction as to whether the power is to be exported or not.

Honourable senators, I am bringing these points to the attention of the Senate now so that when the matter is discussed in committee we shall be in a better position to decide whether or not to clarify the definition of international power lines in relation to power lines constructed and operated solely within one province.

The third item I want to draw to the attention of the Senate is section 76 of the bill.

Article 76 provides that when a power line or a pipe line is going to cross another utility, the power line or pipe line company must do two things: First of all it must consult with the appropriate authority. Then, after having obtained consent of the appropriate authority it must come before the Energy Board and find out under what conditions the crossing of such a utility will be permitted. Mind you, these utilities are quite numerous. In each province there are local telephone systems, local railways, local power lines, roads—this applies to all utilities under the exclusive control of the provinces. Well, what is the definition of "appropriate authority" in the bill before us? It is defined by section 76, subsection 1, as follows:

> (i) with respect to a navigable water other than a canal, the Minister of Public Works,
>
> (ii) with respect to a canal, the Minister of Transport,
>
> (iii) with respect to a railway, the Board of Transport Commissioners for Canada—

What about the local railroads, which are not subject to the Board of Transport Commissioners' jurisdiction?

> and (iv) with respect to any other utility, the National Energy Board.

I say that when local utilities are crossed by a pipe line or an international power line as defined in this bill, the appropriate authority having jurisdiction is the province. If it happens to be a power line situated in the province of Quebec, the jurisdiction is in the electricity board that looks after the power line in that province. If it is a local railroad, most of which belongs to the province, the appropriate authority is the Government of that province. If it is a local telephone line, it is the public utility board in the province concerned.

My view is that if there is no possibility of the questions at issue being resolved between the local authority and the pipe line concerned, then it can be submitted to the National Energy Board. I say that the Minister of Transport, who has jurisdiction over a canal, or the Minister of Public Works, who has jurisdiction over navigable water other than a canal, has no jurisdiction over the land at all. The federal minister concerned has jurisdiction over the harbour in question, but the land continues to belong to the province. If a pipe line is to be constructed across a navigable river it has to pass over the bed of the river or under the bed, and because the land belongs to the province I say the province should not be completely ignored.

Hon. Mr. Hugessen: May I ask my friend a question? Does not the section which he is criticizing follow the example of the federal Railway Act? If the federal Parliament gives authority for building a railway, the railway company does not have to go to all these provincial authorities to get permission to cross a highway or a provincial telephone line.

Hon. Mr. Bouffard: When a provincial railway is crossed by a federal railway—which

is about the case my friend is citing—there are two boards concerned, the local board and the Board of Transport Commissioners. They consult in the matter and reach an agreement.

Hon. Mr. Hugessen: I am talking about the case of a federal railway crossing a provincial highway or a provincial public utility.

Hon. Mr. Bouffard: Of course, the proceedings are the same, but the federal Railway Act does not obligate the railway company to get the permission of the appropriate local authorities. Permission to cross the utility is right in the act. As to the conditions under which the crossing will be made, they are determined by the Board of Transport Commissioners. In that case there is no need to ask permission from the appropriate authority. Under this bill there is permission to ask the appropriate authority.

My criticism of the bill is that the appropriate authority should not be defined as a federal authority when it should be a local authority. If we are going to respect the rights of everyone we should see to it that the one who has to get consent should address himself to the appropriate authority having jurisdiction over the utility to be crossed. If these parties cannot reach a satisfactory conclusion, the matter can then be referred to the National Energy Board.

I refer again to section 76, subsection 1, which says:

(a) "appropriate authority" means
(i) with respect to a navigable water other than a canal, the Minister of Public Works,
(ii) with respect to a canal, the Minister of Transport,
(iii) with respect to a railway, the Board of Transport Commissioners for Canada, and
(iv) with respect to any other utility, the National Energy Board; and
(b) "utility" means a navigable water, canal, railway, highway or irrigation ditch or an underground telegraph or telephone line or a line for the transmission of hydrocarbons, power or any other substance.

My point is that if somebody has to be consulted it should be the provincial authority which has jurisdiction over the utility line to be crossed.

The fourth point which I wish to put forward is that the bill seems to lack deference to Her Majesty the Queen, in that it provides that Her Majesty is subject to all the clauses of the bill.

Hon. Mr. Roebuck: What section makes that provision?

Hon. Mr. Bouffard: I think it is section 90.

Hon. Mr. Power: That is usual, is it not?

Hon. Mr. Bouffard: It is not usual. No legislation is applicable to Her Majesty, unless it is specifically provided for.

Hon. Mr. Reid: Something new has been introduced by this bill.

Hon. Mr. Bouffard: Such a provision is contained in some legislation, but one does not see it often. It is a recognized principle that if the legislation does not so provide, it does not bind Her Majesty. That means no government is bound, unless it is specifically stated in the law, and there is no doubt about it. Section 90 reads:

Her Majesty is bound by this Act

Hon. Mr. Vien: Does the honourable senator believe that that provision would apply to Her Majesty in the right of the province?

Hon. Mr. Bouffard: The section is very definite.

Hon. Mr. Vien: Does it not apply to Her Majesty in the right of Canada?

Hon. Mr. Bouffard: It does not say so. If my honourable friend will read the remainder of the bill, he will see that Her Majesty is bound in every way. That is one of my criticisms of the bill. It gives a pipe line the right to occupy and take possession of any property that may belong to Her Majesty or to the Government of a province, without any doubt whatsoever. I refer to section 66, which reads:

(1) No company shall take possession of, use or occupy lands vested in Her Majesty without the consent of the Governor in Council.
(2) A company may, with the consent of the Governor in Council and upon such terms as the Governor in Council may prescribe, take and appropriate, for the use of its pipe line and works, so much of the lands of Her Majesty lying on the route of the line that have not been granted or sold, as is necessary for the pipe line, and also so much of the public beach, or bed of a lake, river or stream, or of the lands so vested covered with the waters of such lake, river or stream as is necessary for making, completing and using its pipe line and works.

On reading this section, coupled with section 90, I do not think there is any doubt that it is intended to subject Her Majesty to the terms of the act, and that not only federal but provincial lands of Her Majesty may be occupied and used.

Hon. Mr. Roebuck: Surely the British North America Act would operate there? If we legislate to bring provincially controlled lands under the jurisdiction of this act, would not our act be simply *ultra vires* of Parliament?

Hon. Mr. Bouffard: I think my honourable colleague will agree with me that when section 66 is read it will be seen that it covers not only the property of Her Majesty

in the right of the dominion but also the property of Her Majesty in the right of the provinces, having regard to the enumeration of the property that can be taken, namely, the beds of lakes and the beds of rivers and streams.

Hon. Mr. Vien: Does not the honourable senator agree that we can only legislate within the powers of Parliament? I submit that what is proposed in this bill could not be construed otherwise than as legislation within the powers of Parliament, and, therefore, when it speaks of Crown lands it means Crown lands in the right of Canada. At least, that is my humble opinion.

Hon. Mr. Bouffard: I do not believe there is a single doubt that the bill is intended to affect both the land of the federal Government and of the provincial Governments. Otherwise section 66 would have no meaning at all. If my learned confrère is right, then let us clarify the bill to make it say what he states. If the provincial lands are not affected I have no criticism at all to make, but if the provincial lands are affected I have lots of criticism. I do not think the Governor in Council is the authority which should decide the terms and conditions upon which the provincial Governments should hold their lands, or have them occupied. But I say if provincial lands are not meant to be taken or to be affected by this bill then I have nothing to say. However, I am afraid that they will be affected, and the least we can do, if we want to clarify the bill, is to say definitely in the bill that only the lands of Her Majesty in the right of the dominion are affected by it and that the lands of Her Majesty in the right of the provinces will not be affected, that the beds of lakes, rivers and streams will not be affected.

As a matter of fact, all beds of lakes, rivers and streams, whether they are navigable or not, belong to the provincial Governments, and if lands of Her Majesty in the right of the provinces are not to be affected then why does section 66 specially mention the beds of lakes, rivers and streams? The least I can say is that the meaning of this section is vague and it should be clarified.

Those are the remarks I wanted to make, and it is my opinion that this bill should be carefully looked into. The principle of the bill is all right. I do not have any objections to control, but I do not think the Government of Canada should, as an ancillary power, take control of anything that is within the exclusive jurisdiction of the provinces. I think that each one should stay behind its own line and within its own right, and there should be no overlapping one upon the other. It is for the purpose of clarification that I have pointed out these matters to the Senate, and I would like to have them clarified when the bill goes before the committee.

Hon. Salter A. Hayden: Honourable senators, there are a few remarks I would like to make in connection with this bill. First of all, I think the time has certainly come for the appointment of such a board. Possibly it should have been appointed a little sooner. The gas and oil industries in Canada have both reached a stage of development where they are entitled to a board which will deal specifically with the needs, purposes and functions of those industries. Under the Pipe Lines Act, which was passed a few years ago, the authority for dealing with pipe lines for conveying gas and oil was entrusted to the Board of Transport Commissioners. That may have been quite satisfactory at that time, when only a preliminary stage of development in the construction of pipe lines had been reached. When one looks at the Railway Act he sees that the Board of Transport Commissioners exercises control over matters that are almost infinite in their range, including, for instance, construction of telephones, telegraphs, ferries, railways and international bridges, and the rates that may be charged by the companies operating these utilities. The appointment of a separate board to deal with the needs, the operations and functions—domestic, interprovincial and international—of the gas and oil industries is a very wise step at this time.

The scheme of the bill which we have before us is, I think, very simple. Most of the pertinent provisions of the Pipe Lines Act are transferred to this bill, and so it has clauses which deal with the financing of pipe lines, their construction, tolls, tariffs and such things as that, in relation to gas and to oil. Oil may be brought into the ambit of this bill by order of the Governor in Council at any time.

The powers which are given in the bill relate chiefly to pipe lines and the acquisition of property, the construction of pipe lines, the export of gas, the fixing of rates, and such things as that. There is very little I propose to say on that. I want to deal with a matter raised by the honourable senator from Grandville (Hon. Mr. Bouffard) and point out that there is no question in my mind when I read section 66 of this bill—especially when I consider that almost the same language is used in the Railway Act—that the power given for the expropriation of land with the consent of the Governor in Council means exactly what it says. In other words, a company may, with the consent of the Governor in Council, expropriate lands of Her Majesty in the right of the dominion

and also in the right of a province. There is a case in point which went to the Privy Council as early as 1926. I refer to *Attorney General for Quebec v. Nipissing Central Railway Company and Attorney General for Canada* as reported in (1926) Appeal Cases and in Cameron's *Privy Council Decisions* (1916-1929) Volume 2, at 411 and following pages. That was a case on appeal from the Supreme Court of Canada, and the following reference appears:

Section 189 of the Railway Act, 1919, of Canada,

—and the language parallels the language in the present bill—

—which empowers any railway company, with the consent of the Governor General, to take Crown lands for the use of the railway, applies to provincial Crown lands as well as to dominion Crown lands.

The Supreme Court of Canada came to that conclusion, and it was confirmed by the Privy Council in 1926. So, no matter how we may feel, it is understandable to find this type of clause engrafted in this bill, for the courts have said the federal authority has the power. Obviously, it must be felt that in order to function properly a board that is dealing with these matters must have power to expropriate whatever lands are required for the construction of facilities, no matter who may be the owner of those lands.

Hon. Mr. Dupuis: May I interrupt to ask a question? I would like to know if there is anything in this bill to show that the Railway Act as it was interpreted by the Privy Council should apply in the case of this bill? If not, does the honourable member suggest it should be mentioned in this bill?

Hon. Mr. Hayden: I am certainly not attempting to interpret the judgment of any court, but I would point out that a Privy Council decision used language which enabled a company, with the consent of the Governor in Council, to enter upon and take possession of lands of Her Majesty, and the Privy Council's interpretation has become part of the law. But the fact that I accept this interpretation of the law does not make it any more forceful. I have always considered that if you have a judicial interpretation of language you may assume that the same interpretation will be given to the same words when they are used again. That is the authority for the statement I have made tonight. But I am not arguing whether this provision should be in the bill. That is a question of policy. I can see good reason for taking into a general statute of this kind a broad power for dealing with the acquisition of property and other matters extending the whole way through to the setting of rates, the determination of licences and the fixing of quantities for export. Perhaps I do not get as upset as I should at the suggested encroachment on provincial jurisdiction or, shall I say, on the right of Her Majesty in a province by the right of Her Majesty in the dominion, but my feeling is that legal authority for this power has been recognized to exist for a long time, and so far as I am concerned I accept that interpretation of the law. Some honourable senators may have different views.

Hon. Mr. Roebuck: Can the honourable senator tell us whether this power is reciprocal? For instance, has Her Majesty in the right of a province the power to grant rights of expropriation to individuals or others over Crown lands of Her Majesty in the right of the dominion?

Hon. Mr. Hayden: I would be very rash indeed if I pretended to be an authority on all questions of constitutional law, and so I would like to be excused from answering that inquiry. I would tell my honourable friend, though, that there is another source from which he might get the answer he is seeking. After the enactment of the Pipe Lines Act I understand that part of a certain line being constructed was to run through the province of Quebec. There was some suggestion that, having regard to the well-known views of the dominant authority in the province, there might be some real difficulty if a headlong collision occurred between the pipe line company and that dominant authority. Fortunately a method was worked out whereby the company acquired the property and built its line without any major constitutional question arising. As I could not give my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) any first-hand information just now, I would suggest he might get it from those involved in that very peaceful settlement of a matter that might otherwise have resulted in a full-fledged constitutional row.

Hon. Mr. McKeen: What is the difference between a dominant authority and an appropriate authority?

Hon. Mr. Hayden: I would say that certainly the dominant authority is always an appropriate authority.

Moving on to my next point in this discussion, I would point out that the bill deals with international power lines, and it does so in a slightly different way. International power lines are defined in the bill as facilities for the transmission of power from any place in Canada to any place outside of Canada. There is a saving clause so far as existing international power lines are concerned, in that they are assumed to hold a certificate until such times as they automatically receive one when the board is set up.

Thereafter, of course, any international power line seeking a certificate will first have to satisfy the board on a number of points. For instance, it will have to satisfy the board that the line is required by the present and future public convenience and necessity, and so on.

One or two things have been said here to which I want to direct the attention of the Senate. My friend who spoke on the bill this evening (Hon. Mr. Bouffard) referred to the provision in section 19 with respect to *certiorari*. I agree with him in relation to that section, but for a different reason. I do not think section 19 has any place in the bill at all. I think that in the course of collecting sections from the Pipe Lines Act, the Railway Act, and the Exportation of Power and Fluids and Importation of Gas Act this section sort of crept in, or shall I say snuck in. It seems to be completely unrealed. Section 18 provides for an appeal to the Supreme Court of Canada from a decision on order of the board—the board is a court of record—on a question of law or on a question of jurisdiction. In section 19 there is a declaration that writs of *certiorari*, prohibition or *mandamus* for an injunction are available in the Exchequer Court. In the next subsection, however it is stated that a decision of the board cannot be challenged on the ground that a question of law or fact was erroneously decided, or that there was a lack of jurisdiction. As far as *certiorari* is concerned, that is a remedy where there is no other remedy, where at some level of the judiciary a decision was made, or some person exercising ministerial functions gave some decision, which affects you, and you think there was no authority, but there is no remedy, no appeal. In those circumstances, you can apply to the court for a writ of *certiorari*, the object being to lift the proceedings into a court where they can be reviewed as to whether or not there is an authority. But here the writ of *certiorari* is completely meaningless, because there is an appeal on the question of jurisdiction to the Supreme Court of Canada. This bill would be 100 per cent effective, so far as the purposes which are sought are concerned, without section 19 at all, and therefore, in my opinion, section 19 adds nothing to the functions, purposes or scope of the bill.

With regard to the other question my friend spoke about, in relation to enforcing an order of the Exchequer Court, we have that procedure in a number of other statutes at the present time. For instance, under the Income Tax Act if an assessment is made against a taxpayer and he does not pay as promptly as the Income Tax Division thinks he should, they can make an affidavit and file it in the Exchequer Court, get a judgment by order of that court and issue execution and seize his assets. Here the provision is that an order of the board, which is a court in itself, may be entered in the appropriate offices of the Exchequer Court and it becomes an order of that court. I do not pretend to know anything about the law of Quebec, but it would appear to me that, as far as Ontario is concerned, if the court ordered you to do something and you did not do it, you might very well be in contempt of court; and we all know that there are remedies for punishment where you are in contempt of court. As to what those remedies are, I would assume that since the court orders something to be done, machinery would be provided for the carrying out of what has been ordered to be done, but I think the real penalty or threat is that you are in contempt if you fail to carry out an order of this court.

Honourable senators, I have one or two other matters to mention. The first is that there is no provision in this bill for expropriation of property for purposes of construction of an international power line. You will find that the powers of expropriation given in the bill relate to pipe lines, and by checking into the matter a little bit I think that in dealing with power lines the historical practice over the years has been that when a company comes to Parliament for its incorporation as a power company the provisions with respect to expropriation are written into the statute itself. If you will read bill after bill relating to companies now operating power companies you will find the power of expropriation is given by Parliament specifically in relation to each company which comes before Parliament and is incorporated, whereas our attitude in relation to pipe lines was exactly the opposite. In the particular pipe line bills that came before Parliament we did not include any such power, and indeed there were many other powers we did not include, because we were seeking to create a general Pipe Lines Act, and the authority of a company, once it was incorporated, would proceed from the Pipe Lines Act itself. It is a difference in method, and I assume that is why we have this difference in the present bill.

One of the other things I want to mention is that there are advisory functions provided for in Part II of the bill, and they very generally use the words "energy and sources of energy", whereas the bill specifically relates to gas and oil and to the export of power. Now, energy and sources of energy can spring from many things other than oil and gas and electricity, and while the limiting

words may appear to be all right, I should point out that subsection 1 of section 22 reads as follows:

> The board shall study and keep under review matters over which the Parliament of Canada has jurisdiction relating to the exploration for, production, recovery, manufacture, processing, transmission, transportation, distribution, sale, purchase, exchange and disposal of energy and sources of energy—

I think that would be an excellent place to limit the scope of the words "energy and sources of energy" by excluding therefrom the things that are not intended to be covered. The board has as well an advisory capacity under which it may function at the request of the minister. I think the duties which it may initiate on its own accord should have some exclusions, so that there may be specific indication of what is the field in which it is intended to keep this constant day-to-day watch and study.

There are many other things that one might say in the course of discussing this bill and the various parts of it, but basically it is a good bill. If anything, it is a little bit overdue, and I think the industry has been very disturbed by all the comment and discussion, and even the report which followed the study and examination of this whole question about a year and a half ago. I think something is needed in as specific and definite terms as we can possibly make it, so that the industry and those financially interested and required to supply the financing in connection with these developments and operations can feel some security or some certainty as to the law, the authority and the pattern of administration that lies ahead for this kind of industry in Canada.

On motion of Hon. Mr. Wall, debate adjourned.

BRETTON WOODS AGREEMENTS BILL

SECOND READING

The Senate resumed from Thursday, June 11, the adjourned debate on motion of Hon. Mr. Monette for the second reading of Bill C-52, an act to amend the Bretton Woods Agreements Act.

Hon. Thomas Reid: Honourable senators, Bill C-52, an act to amend the Bretton Woods Agreements Act, is one of the few important bills of a non-controversial or non-partisan nature introduced into Parliament. When it was first introduced, back in 1945, although there was a long-drawn-out discussion on the bill, the speeches were mostly by members of the Social Credit party, none of whom are members now, who endeavoured to keep their doctrine alive and immortal by keeping their so-called doctrine incomprehensible. The Bretton Woods Agreements Act was therefore supported by all other parties in both Houses of Parliament with the exception of the twelve disciples of Mr. Aberhart.

One thing can fairly be said about the Bretton Woods Act itself, namely, that although we listened with interest to the very informative speech made by the honourable senator from Mille Isles (Hon. Mr Monette), who introduced the bill, in my opinion, and I think in the minds of many other honourable senators, the Bretton Woods Agreements are somewhat difficult to understand without some careful and diligent study, as the monetary matters dealt with are of a fairly complicated nature.

The measure was first conceived under the auspices of the United Nations Organization in 1944 and following the end of the war. The purpose of the Bretton Woods Agreement, when set up in 1945 was, in so far as the International Monetary Fund is primarily concerned, the securing of orderly exchange rates, while the purpose of the International Bank for Reconstruction and Development was to assist in the restoration of economics principally in countries which had been destroyed or disrupted during the war. Briefly, it was one part of the United Nations' efforts to create and maintain, following the war, a peaceful and prosperous world. Personally, I am wondering after fifteen years, when looking at world affairs today, just what progress, if any, has been made toward bringing about a peaceful world.

It should be noted that in 1945 some 45 countries signified their willingness to become members of the Bretton Woods Agreement. At present the membership of countries has increased to 68. While the number of countries has increased, it should also be noted that since 1945 certain countries have pulled out and ceased to be members, namely: the U.S.S.R., Czechoslovakia, Poland, New Zealand, Liberia and Egypt. It is rather interesting that the Soviet Union, which talks so much and so often at international meetings about its desire to help under-developed and enslaved nations, is taking no part in this great international work of extending economic assistance to these smaller and poorer countries. Maybe it is more realistic as regards the human race than we are, and therefore sees no reason for being idealistic.

There are certain questions I feel sure some honourable senators may be interested in when the bill goes to committee, such as: When did the Soviet withdraw her membership and what were the reasons given for the withdrawal? A second question would be: Why did New Zealand pull out? A third question I have in mind is regarding China. China was one of the original members in 1945. It is noted that China is still on the

present list of members and one of the countries which have agreed to increase their financial obligations. The question naturally arises: How is Taiwan—the Chinese name of Formosa—able to increase her subscriptions to the two funds by $125 million more than Canada, or is the United States contributing this amount for her?

Another question I have in mind is: Why is the Canadian increase higher than the general increase? So far as I know, no reason has so far been advanced for Canada's higher increase.

Hon. Mr. Brunt: Is that in dollars or percentagewise?

Hon. Mr. Reid: Dollars. When the Bretton Woods Agreements Act was first introduced into Parliament, it was pointed out that the important thing to bear in mind was that the Canadian dollars put into the fund would be spent in purchasing goods and services in Canada. It would be interesting indeed to learn now if trade matters have worked out to Canada's advantage and along the lines of the assurance given Parliament in 1945, as contained in the Minister of Finance's statement to Parliament.

Canada depends on her export trade more so, I believe, than most countries do. It is interesting, therefore, to take a quick look at Canada's export trade to the principal countries that buy our goods and products. The latest figures I have are for 1958. First of all, it should be pointed out that the total trading countries or states of the world number some 129 in all. Last year the export of all Canadian products amounted to $4,830 million. Of that total amount the United States and Britain purchased some $3,890 million worth of Canadian produce. British Commonwealth countries numbering 33 took a little over 4 per cent, amounting to $282 million. The United States alone accounted for $2,832 million and British purchases in the neighbourhood of $800 million. The great importance to us of U. S. trade by these figures is fairly evident. In effect, the picture of Canada's exports briefly is, that in 1958 the U. S. purchased from Canada approximately 60 per cent; Great Britain 20 per cent, British Commonwealth countries (33) roughly 4 per cent, and the remaining nine countries $939 million—equal, roughly, to only 15½ or 16 per cent.

As already mentioned, I am somewhat curious regarding China. Red China is not a party to the Bretton Woods Agreements, but nevertheless she bought from us nearly $8 million worth of goods, whereas Taiwan, or Formosa, bought only slightly over $1 million of Canadian products.

While not actually opposing the bill, I nevertheless have some doubts that the Bretton Woods Agreements have done much in the past fifteen years to reduce the gap between underdeveloped countries, as was intended when it was set up. In fact, the gap may be widening.

Another matter I feel should be mentioned. It has not been made clear why Canada's obligations to the fund are now to be in United States dollars. Is there any assurance, may I ask, that the Canadian dollar will always be at a premium? Let us not overlook the fact that there was a time when our dollar was at a discount of 23 per cent, say in the year 1933. Nor is there any guarantee that the United States will not enhance the price of gold. The way its debt is piling up, and Canada's too, may compel or make it necessary for the United States to enhance or raise the price of gold. Such a change in the price of gold, and an increase in the United States dollar, would mean the loss to Canada of perhaps many millions of dollars through holding short-term securities instead of gold.

I do not expect the mover of this bill to answer many of the questions I have asked. I am seriously suggesting, however, that the time has come for a complete review of the Bretton Woods Agreement, either by Parliament or a special committee of the Senate. It is now high time, especially after fifteen years in operation, to take a close look into all the ramifications of the agreement, and to find out if it is really doing the job it was set up to do. So far as I know, that has not been done since its inception in 1945.

I think all honourable senators will agree with me that the bill is too complicated to be thoroughly understood from a mere cursory glance at its proposals. I am more convinced than ever that the entire Bretton Woods Agreement should be examined, especially when one realizes the increasing number of organizations which are now operative, and in effect are doing what I believe to be the same or a similar operation—in effect, a duplication of what is now being done under the Bretton Woods Agreement. Let me elaborate.

There is, first of all, a United Nations extended program of technical assistance. There is also the United Nations International Development Fund. Then there is the Colombo Plan, which in a very limited way is precisely the same field as the two I have just mentioned. Added to these are two agencies of the Bretton Woods Agreement, namely: the International Monetary Fund and the International Bank for Reconstruction and Development. In addition to all

these may I point out that a further corporation was set up, called the International Finance Corporation, in which Canada purchased 3,600 shares. It is most interesting to note that Canada became a member of this organization without the sanction of Parliament. This came about simply by placing a vote in the estimates and, as mentioned, thereby we became a member of this international organization without sanction of Parliament.

In regard to the International Bank, some loans are given to help some countries build up industrially. Many of these countries have a low wage scale and, in turn, become competitive in our markets. As already stated, this seems to me a duplication of legislation.

In the Bretton Woods International Bank, Canada's share in the funds of the bank goes up from $325 million to $650 million and, because of a special increase of $100 million, it goes up to $750 million. One question should therefore be answered, namely, will Canada ever share in the profits of the bank? I mention this because, according to statements made, the bank has a profit of between $40 million and $50 million a year. We are entitled, I believe, to have a statement regarding these profits, and, if Canada is entitled to receive any share of the same, what amount.

In closing, may I repeat what was said at the beginning of my remarks. The Bretton Woods Agreement is somewhat complicated and difficult to fully understand, and so I have endeavoured in my remarks to keep out of deep waters until at least I have had more time to study the entire agreement. In making the statements I have made, and in asking certain pertinent questions, I have done so with the sole intention of drawing to the attention of honourable senators and of Parliament certain phases of the bill to which it is believed attention should be drawn, and not with any intention of opposing the bill before us. Nevertheless, I have a fear that Canada is trying to do too much along these lines, and I suggest we put on the brake before the burden of taxation becomes too onerous. Before closing, I point out that with municipal, provincial and federal taxation the Canadian people are carrying quite a load.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Hon. Mr. Monette: Honourable senators, I move, seconded by Senator Méthot, that this bill be referred to the Standing Committee on Banking and Commerce, where at least some of the questions asked can be answered.

Hon. Mr. Lambert: May I suggest to my honourable friend that perhaps the more appropriate committee to which this bill should be referred is the Standing Committee on External Relations. The Bretton Woods development in connection with the International Monetary Fund and the International Bank of Reconstruction and Development was, I think, a very definite feature of the relations that existed between Canada, the United States and the United Kingdom prior to the establishment of the United Nations. Therefore, I think evidence from the officials of the Department of External Affairs would be most valuable, especially against the background which some honourable senators have as to the beginning of the whole plan. I put that forward as a suggestion.

Hon. Mr. Monette: If it is the consensus of opinion among honourable senators that this measure involves more the international than the financial aspect, I would move that the bill be referred to the Standing Committee on External Realtions.

Some Hon. Senators: Agreed.

On motion of Hon. Mr. Monette, bill referred to Standing Committee on External Relations.

JUDGES BILL

SECOND READING

The Senate resumed from Thursday, June 11, the adjourned debate on the motion of honourable Mr. Brunt for the second reading of Bill C-56, to amend the Judges Act.

Hon. Paul H. Bouffard: Honourable senators, what I am going to say concerns Quebec, and particularly the district of Quebec. Firstly, I want to compliment the Government upon its action in increasing the number of judges in the district of Quebec by three. It was becoming very necessary, and the only thing I regret is that this measure comes this late.

The district of appeal of Quebec is composed of seventeen districts where justice has to be administered all year round. Some of these districts are a considerable distance from Quebec city, as for instance the Abitibi district, the Chicoutimi district, the Roberval district, the Temiscamingue district, and the Gaspé district. The judges have to live in Quebec and have to travel all the way to sit in these different districts. As a result it has often been difficult to have two judges sitting in the city of Quebec, where cases are very numerous. It was becoming very difficult to have justice administered in the city of Quebec on account of the fact that there were no judges to administer it.

Many districts, such as Rimouski, Gaspé and Chicoutimi, are sometimes two years in arrears in their cases. When a man takes an

action against another he does not want to wait two or three years before he obtains a judgment, but that is what has been happening. So the Government is to be complimented on the possible appointment of three new judges.

That number will make in the whole district of Quebec 16 judges for 17 districts, and I think it will permit justice to be dispensed with expediency. Those who go before the courts for redress will be able to obtain it as quickly as possible.

Some people ask why we should have more judges in the province of Quebec. I want to say just a word about that. We have not the same system as obtains in the English provinces, and the number of our judges who sit in court is much fewer than in the other provinces. For instance, we have no county court judges. In think that in Ontario there are approximately 63 judges who have jurisdiction up to $800, and who with the consent of the parties may deal with any amount whatsoever.

Hon. Mr. Brunt: In certain cases they have jurisdiction up to $2,000.

Hon. Mr. Bouffard: In Quebec we have no county court judges. The only ones who have original jurisdiction are judges of the Superior Court, and in the whole district of appeal of Quebec, which contains 17 districts, we have only 16 judges. The number of cases has increased, and that is what has made it so difficult to have justice administered with expediency. I think these appointments are very necessary. The sooner this bill goes through and the appointments are made, the better it will be.

Hon. Gustave Monette: Honourable senators, I want to say a word following what has been said by the honourable senator from Grandville (Hon. Mr. Bouffard). It is true that we have a different system in Quebec from that of the other provinces, and to cope with the number of cases we need a greater number of judges of the Superior Court because, as the honourable senator pointed out, we have no county courts.

In Quebec there are two appeal districts, Montreal and Quebec. I am not sure whether the honourable senator was proposing something particular for the Quebec district as distinct from the Montreal district, and I do not know if there has been a demand by the organized bar of the province of Quebec for the appointment of more judges to the district of Quebec than to the other district. I need not say that in the appeal district of Montreal there are many more cases to be heard, though I am not going to estimate the proportion in each. The bar of the province of Quebec—of which the honourable senator from Inkerman (Hon. Mr. Hugessen) is a prominent member, and will shortly be a more prominent member—is organized by law, and its members are all the barristers of the province. The barristers are grouped into judicial districts, each of which has its own council and is represented on the general bar of the province. Generally, the question of the need for more judges is considered in the light of the number of cases to be heard. The bar of the province, after consulting with judges and officers of the courts, determines the number of cases waiting to be heard, and after giving the matter consideration may suggest that in a particular district more judges of the Superior Court, or of the Court of Appeal, or of the Court of Queen's Bench are needed. Therefore, the provincial bar could petition for an amendment to the Judges Act. I am not aware that there has been a decision to ask for an increase in the number of judges other than that proposed in this bill, and my only purpose in rising at this time was to explain the situation, which has generally been dealt with satisfactorily through the intervention of the bar.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Hon. Mr. Brunt: Honourable senators, I move that the bill be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. Bouffard: Did anyone request that the bill be referred to committee?

Hon. Mr. Brunt: The honourable senator from Gulf (Hon. Mr. Power), who is absent from the chamber, asked that the bill be referred to committee and I assured him that I would have it referred to the Standing Committee on Banking and Commerce.

On motion of Hon. Mr. Brunt, bill referred to Standing Committee on Banking and Commerce.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, June 17, 1959

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

Prayers.

DOCUMENT TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following document:

Report on the Vocational Training Co-ordination Act, for the year ended March 31, 1959, pursuant to section 5, Chapter 45 of the Statutes of 1953-54, (English text).

SEEDS BILL

REPORT OF COMMITTEE

Hon. Cyrille Vaillancourt, Chairman of the Standing Committee on Natural Resources, presented the report of the committee on Bill S-24.

The report was read by the Clerk Assistant:

The Standing Committee on Natural Resources, to whom was referred the bill S-24 intituled: "An Act respecting the testing, inspection and sale of seeds", have in obedience to the order of reference of June 9, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon. Mr. Aseltine: Next sitting.

FREIGHT RATES REDUCTION BILL

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented a report of the committee on Bill C-38.

The report was read by the Clerk Assistant:

The Standing Committee on Transport and Communications, to whom was referred the Bill (C-38) intituled: "An Act to make provision for the reduction of certain class and commodity rates on freight traffic", report as follows:—

Your committee recommend that authority be granted for the printing of 800 copies in English and 200 copies in French of their proceedings on the said bill.

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

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

Motion agreed to.

REPORT OF COMMITTEE

Hon. Mr. Hugessen presented a further report of the Standing Committee on Transport and Communications on Bill C-38.

The report was read by the Clerk Assistant:

The Standing Committee on Transport and Communications, to whom was referred the Bill (C-38) intituled: "An Act to make provision for the reduction of certain class and commodity rates on freight traffic", have in obedience to the order of reference of June 9, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon. Mr. Aseltine: The sponsor of the bill is not here. I would move that it be placed on the order paper for third reading at the next sitting.

Motion agreed to.

PRIVATE BILL

FREE METHODIST CHURCH IN CANADA— REPORT OF COMMITTEE

Hon. Paul H. Bouffard, Chairman of the Standing Committee on Miscellaneous Private Bills, presented the report of the committee on Bill S-27.

The report was read by the Clerk Assistant:

The Standing Committee on Miscellaneous Private Bills, to whom was referred the Bill (S-27) intituled: "An Act to incorporate The Free Methodist Church in Canada", have in obedience to the order of reference of June 11, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

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

THIRD READING

Hon. Norman P. Lambert: Honourable senators, with permission of the Senate, I would move that the bill be read the third time now. If there is no serious objection on the part of this house to that being done, it would be a matter of some convenience to the principals who sponsored the bill. A full discussion was held in committee this morning and, the bill being of the kind it is, honourable senators might be disposed to give it third reading now.

Hon. Mr. Macdonald: Honourable senators, I have no objection to the bill receiving third reading now. As I recall, a number of questions were asked on second reading of the bill. Perhaps the honourable senator who explained the bill on second reading (Hon. Mr. Lambert) could answer those questions now for the benefit of those of us who were not in committee this morning.

Hon. Mr. Lambert: Honourable senators, I may say that the points raised in committee were adequately answered to the satisfaction of the committee. The main question asked on second reading was by my honourable colleague from Vancouver South (Hon. Mr. Farris), as to what was meant by the word "Free" in the name of the church. Some light was thrown on that question in committee, and although my colleague is not present I will answer the question.

The word "Free" was applied to this section of the Methodist Church largely as an indication of its willingness to have all pews in the church free and to invite an assembly that was voluntary and free from any levy for seating accommodation. In contrast, the original church which, historically, was an offshoot of the Anglican Church, carried some of the opposite and undemocratic practices into the system.

That is the explanation that was given me this morning by one of the prominent members of the Free Methodist Church. I think it answers the question which was asked on second reading.

Motion agreed to and bill read third time and passed.

CITIZENSHIP

NOTICE OF INQUIRIES

Hon. Jean-François Pouliot: Honourable senators, I have two series of questions to ask, mostly with reference to the motion which has been on the Order Paper since March 16 for approval of the convention on the nationality of married women:

1. What is the total population of Canada?
2. By virtue of the Department of Citizenship and Immigration Act, and according to the most recent figures, how many persons in Canada:
(a) are British subjects, Canadian citizens, and citizens of the Commonwealth?
(b) are British subjects but are not Canadian citizens nor citizens of the Commonwealth?
(c) are citizens of the Commonwealth but are not British subjects nor Canadian citizens?
(d) are Canadian citizens but who are not British subjects nor citizens of the Commonwealth?
(e) are neither British subjects nor Canadian citizens nor citizens of the Commonwealth?

I have another question, which is about married women:

(1) In Canada, how many married women have not been divorced and not separated from their husbands?
(2) How many of those married women living in Canada have a citizenship distinct and different from that of their husbands?
(3) Has the Canadian Government received from married women living in Canada and women's associations in Canada requests for amendment to the laws to permit married women to have a citizenship distinct from that of their husbands?
(4) If so, from what persons and what associations, with the address of each one?

Hon. Mr. Roebuck: What about telephone numbers?

Hon. Mr. Pouliot: It is the Divorce Committee that discloses the telephone numbers of co-respondents.

DIVORCE BILLS

FIRST READINGS

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill SD-340, an Act for the relief of Timothy Allan Moran.

Bill SD-341, an Act for the relief of Antonio Choma.

Bill SD-342, an Act for the relief of Helen Ruby Riley Onions.

Bill SD-343, an Act for the relief of Simone Alberta Chretien Welsh.

Bill SD-344, an Act for the relief of Edward John Mendelsohn.

Bill SD-345, an Act for the relief of Marcus Gilmour.

Bill SD-346, an Act for the relief of Joyce Rosemary Hudson Plam.

Bill SD-347, an Act for the relief of Bernard Lawrence Boire.

Bill SD-348, an Act for the relief of Marie Madeleine Marielle Faust Morin.

Bills read first time.

SECOND READINGS

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

Hon. Mr. Roebuck: Honourable senators, I would ask for the consent of the house to move the second readings of these bills now. I do not think I need to explain why.

Motion agreed to and bills read second time, on division.

THIRD READINGS

The Hon. the Speaker: Honourable senators, when shall these bills be read the third time?

Hon. Mr. Roebuck: With leave of the Senate, I move the third readings also at this time.

Motion agreed to and bills read third time and passed, on division.

CHATEAU LAURIER HOTEL PARKING LOT

INQUIRY AND ANSWER

Hon. R. B. Horner inquired of the Government, pursuant to notice:

That he will inquire of the Government how the parking lot at the Chateau Laurier Hotel is being operated.

Hon. Mr. Aseltine: Honourable senators, I have the following answer to the honourable gentleman's question:

The management of the Canadian National Railways advise that the parking area at the Chateau Laurier is operated as a concession by City Parking Limited. Tenders were called and the concession was awarded on the basis of the highest return to the railway.

CONVENTION ON NATIONALITY OF MARRIED WOMEN

On the notice of motion by Hon. Mr. Aseltine:

Resolved, That it is expedient that the Houses of Parliament approve the Convention on the Nationality of Married Women, done at New York on February 20, 1957, and that this House do approve the same.

Hon. Mr. Aseltine: Stand.

Hon. Mr. Macdonald: Honourable senators, may I ask the honourable Leader of the Government (Hon. Mr. Aseltine) when we may expect this motion to be proceeded with? I see that notice of the motion was given on March 16, so that three months have intervened since then. A number of members have informed me they have been prepared to speak on this motion for at least two months, and I should like to have some idea if the motion is likely to be proceeded with this session.

Hon. Mr. Aseltine: Honourable senators, I admit having made a mistake in giving notice of this motion before it was proceeded with in the other house, for as soon as I had it put on our Order Paper I was informed by the Minister of Citizenship and Immigration that she wished to speak on the matter first. I have a sponsor ready to proceed with the motion in this house just as soon as action is taken in the House of Commons. I have been told from time to time that the motion will be dealt with there at any time but other business and legislation seems to have taken precedence. We will proceed with the motion here just as soon as possible.

Notice stands.

REPRESENTATIVES OF SOVIET UNION

GUESTS IN SPEAKER'S GALLERY

The Hon. the Speaker: Honourable senators, may I be permitted to draw your attention to the fact that we have in my section of the gallery some friends from Soviet Russia. They are the guests of His Excellency the Ambassador, Dr. Amasasp A. Aroutunian. I wish to congratulate the ambassador on his initiative in bringing to Canada five deputies of the Supreme Soviet of the U.S.S.R., who came to this country as his personal guests. His Excellency is sitting on the left of the group in the gallery.

Next to him is Mr. Aleksandr P. Volkov, a member of the Supreme Soviet, and leader of the delegation. He is Deputy Chairman of the Soviet parliamentary group and Chairman of the State Committee on Labour and Wages of the Council of Ministers of the U.S.S.R.

Next to him is Mr. Jan V. Peive, Chairman of the Soviet of Nationalities of the Supreme Soviet of the U.S.S.R. and President of the Academy of Sciences of Latvia.

Next to Mr. Peive is Mr. Ivan G. Kabanov, Deputy of the Supreme Soviet of the U.S.S.R., Minister of the U.S.S.R. and former Minister of Foreign Trade.

Next to him is Madame Zinaida A. Lebedeva, Deputy of the U.S.S.R. Supreme Soviet and member of the Commission on Foreign Affairs of the Soviet Union. Madame Lebedeva, who is also a doctor, specializes in lung diseases. I had occasion to consult her on my own case and I received very good advice. She told me I did well to accept the office of Speaker of the Senate and a senatorship, because the serenity and the calm of the Senate were very good for me indeed; she advised me to carry on and not to resign.

Next is Mr. G. P. Butenko, Deputy of the Supreme Soviet of the U.S.S.R. and Deputy Chairman of the Council of Ministers of the Ukraine Soviet Socialist Republic.

I would like also to introduce Mrs. L. A. Nikiforova, who is an interpreter. She is married and has two children. I understand that she speaks five or six languages, among which are French, English and Russian. She is a perfect interpreter, and if you were to make a speech she could translate it immediately without notes exactly as it was said.

In the name of all honourable senators I welcome these distinguished visitors to the Senate. I again congratulate His Excellency the Ambassador upon bringing his friends here, and hope they will come back again to enjoy Canadian hospitality.

Hon. Senators: Hear, hear.

EXCISE TAX BILL

MOTION FOR CONCURRENCE IN COMMITTEE AMENDMENTS NEGATIVED

The Senate resumed from Wednesday, June 10, the adjourned debate on the motion of Hon. Mr. Hayden for concurrence in the amendments made by the Standing Committee on Banking and Commerce to Bill C-47, to amend the Excise Tax Act.

Hon. W. M. Aseltine: Honourable senators will remember that Bill C-47, to amend the Excise Tax Act, was introduced in the Senate some little time ago and given second reading, after which it was referred to the Standing Committee on Banking and Commerce for consideration. That committee met and considered the bill and made its report, striking out section 2 of the bill and amending the bill in that respect. The honourable chairman of

the committee (Hon. Mr. Hayden) presented the report, and moved that it be concurred in. My purpose today is to try to convince honourable senators that the report should not be concurred in, and I hope I shall be successful, because I believe that if we accepted the report of the committee it would be a retrograde step and something that the Senate should not be taking a part in.

In the year 1925 the export of electricity from Canada to the United States of America was made subject to tax under and by virtue of the Export of Power and Fluids and the Importation of Gas Act. That tax was made by regulation of the Governor in Council—in other words, by the cabinet—and the tax was fixed at that time and has remained at the same level ever since.

Hon. Mr. Euler: What year was that?

Hon. Mr. Aseltine: 1925. In spite of the fact that representations against the tax have been made by different corporations from time to time to the Government, the tax has never been done away with. It is still in full force and effect and has never been changed in amount.

Hon. Mr. Macdonald: May I ask the Leader of the Government (Hon. Mr. Aseltine) if the clause as it reads at the present time was put into effect in 1925?

Hon. Mr. Aseltine: That is what I understand, yes. As I just said, honourable senators, representations have been made from time to time to the Government to remove this tax, but nothing has been done about it, and no representations have been made to the Government for some years past to have the tax withdrawn.

It may be that the tax on electricity was never intended in its inception to be a permanent tax. It may have been intended to be a temporary tax only but, as I have said, it has remained in force ever since 1925 and there is no apparent intention on the part of the Government to remove it.

In my opinion, a tax to raise revenue by order in council or by regulation of the cabinet, such as was done in this case, is not a proper way in which to raise revenue, and it should have been made under the Excise Tax Act long ago. Therefore, the object of inserting section 2 in the Excise Tax Act is to rectify the situation which has existed since 1925. No representations were made to the House of Commons when this bill was before that house a short time ago, but when the bill came to this chamber for consideration certain corporations desired to be heard, namely the British Columbia Electric Company, the Peace River Development Corporation, the Consolidated Mining and Smelting Corporation, and the Ontario and Quebec Hydro-Electric Commissions. Representatives appeared before the Senate committee and raised certain objections. However, their objections were not so much to the transfer of this tax to the Excise Tax Act from the other act which I have mentioned, but were wholly and entirely against the tax itself. The greater part of their representations had to do with the tax, and their contention that there should be no tax at all on the export of electricity, that it should be done away with. And that was the burden of the speech made in this chamber by the honourable senator from Vancouver South (Hon. Mr. Farris) when he spoke on the motion for concurrence in the amendments made by the committee.

These witnesses stated to the committee that this tax might have some effect upon the Peace River power project which has been under investigation by certain engineers and others for some time. They recommended that the tax be done away with, and that if the Government had no intention of doing away with the tax it should remain under the control of the cabinet rather than be given statutory form in the Excise Tax Act. In other words, they wanted to be able to set up a lobby or something of that sort in an effort to prevail on the cabinet to do away with the tax altogether. They thought they had a better chance to do so if section 2 were removed from the bill. That, honourable senators, in my opinion, would amount to the by-passing of Parliament altogether, which is not a good thing, and I for one do not want the Senate to become a party to that kind of thing.

It was stated that some $5 million was being spent on investigating the possibilities of the Peace River project. Well, it strikes me if they are spending that amount on investigating the feasibility of this project, knowing all the time that this export tax on electricity was in force and was not likely to be removed, the fact that the tax is to remain would not, in my opinion, cause them to give up their whole project and lose their $5 million.

Honourable senators, the removal of this tax from cabinet control and making it a part of the Excise Tax Act is, in my opinion, most desirable, because all taxes should, if possible, be fixed by Parliament and should not be left to the cabinet to be imposed as it sees fit. Parliament should be consulted in all cases of this kind, and that, honourable senators, is why section 2 has now been inserted in the Excise Tax Act. It is one step in the direction of doing away with

tax legislation by order in council. I would ask the Senate not to accept the report of the committee striking out section 2 from the bill. As I said before, I believe it would be a retrograde step for the Senate to strike out that section.

The honourable chairman of the committee stated that the vote on this matter in committee was a non-partisan vote and a very close one, the final count being 13 to 12.

Hon. Mr. Euler: May I ask my friend a question? Can he give us any other examples where the cabinet has the power to impose taxes?

Hon. Mr. Aseltine: I do not know of any other.

Honourable senators, after I prepared the foregoing remarks I happened to read the Financial Administration Act and I was very much intrigued by section 22. Subsections 1 and 2 of that section read as follows:

22. (1) The Governor in Council, on the recommendation of the Treasury Board, whenever he considers it in the public interest, may remit any tax, fee or penalty.

(2) A remission pursuant to this section may be total or partial, conditional or unconditional, and may be granted

(a) before, after or pending any suit or proceeding for the recovery of the tax, fee or penalty in respect of which it is granted.

(b) before or after any payment thereof has been made or enforced by process or execution, and

(c) in the case of a tax or fee, in any particular case or class of case and before the liability therefor arises.

The definition of "tax" is found in subsection 10 of the same section:

22. (10) In this section "tax" includes any tax, impost, duty or toll payable to Her Majesty, imposed or authorized to be imposed by any Act of Parliament...

And subsection 8 provides:

22. (8) A statement of each remission of one thousand dollars or more granted under this section shall be reported to the House of Commons in the Public Accounts.

The provisions of section 22 of the Financial Administration Act seems to me to answer entirely the objections which were made by the representatives of those companies when they appeared before the Senate committee. It would seem to me to meet any emergency that might arise. In other words, no emergency could arise which could not be taken care of by this section 22.

I suggest therefore, honourable senators, that the report of the committee be not adopted and that we now give third reading to the bill without any amendment.

Hon. William H. Golding: Honourable senators, while I am not anxious to do so, I do feel that I should speak very briefly on the amendment suggested to Bill C-47, as this problem does seem to be receiving considerable attention, particularly in the province of British Columbia.

With reference to the export tax on power in part 2 of this bill, I may say that in the 17 years I spent as a member of the Commons, during the ten years I have been in the Senate and during the 15 years that I was a member of our local public utility commission in my home town of Seaforth, I do not recall hearing any serious discussion of this tax on the export of electric power. I do remember very well when the late Sir Adam Beck, who was described as the father of Ontario's Hydro-Electric Power Commission, was doing his best to have hydro contracts at Niagara Falls cancelled, as power was being sent across the river at a lower cost than our own people were paying for it. As a matter of fact, the export of power was not considered in the best interest of the country at that time. However, I do not wish to discuss this tax, as it is conceded by all that this bill does not change the tax in any way. So whether this tax is a fair one or an unjust one is not now under consideration.

Clause 2 of the bill, which the amendment would wipe out, simply makes provision that in the future this problem will be dealt with by Parliament rather than by order in council as under the present legislation, and this is a change which is important to some of us.

I would point out, that although it is contended that this and other matters have been dealt with by order in council for so many years, the problem that is now before us is not of our making, but it is on our doorstep, and it is for us to decide what we are going to do about it. We have to decide whether in the future so important a problem as this will be dealt with by Parliament or by order in council.

I may say that while I sat in the House of Commons as an opposition member, under the Right Honourable R. B. Bennett as Prime Minister, I heard the Liberals during all those years denounce government by order in council in very strong terms, and later I heard the Conservatives and other opposition members denounce orders in council. So, I came to the conclusion, naturally, that all parties were against government by order in council.

Now, with reference to orders in council, I have seen returns tabled listing the orders in council and what they dealt with, and I am satisfied that no Government will ever entirely do away with orders in council. Many of the things dealt with are so small that Parliament could never deal with them all. However, I do believe that the more important things should be dealt with by Parliament.

The representations we have had, and the speeches we have listened to, have surely convinced us that this export tax on electric power is a very important matter. Therefore, I believe the Government is right in making it possible for this problem to be dealt with by Parliament rather than by order in council. Believing as I do that this is the proper procedure, it comes to me as a real shock to see so much opposition to the Government, when it is surely taking a step in the right direction.

In dealing with this measure, let me say at once that I am not at all impressed by some of the representations made to us in an effort to convince us that this problem should be dealt with by order in council rather than by Parliament. One reason given was that of urgency. Honourable senators, if you turn to page 33 of the report of the committee proceedings you will find there a statement from the President of the Peace River organization to the effect that during 1956, 1957, 1958 and 1959 they have had a large number of engineers and economists looking into the feasibility of this vast project. So for nearly four years now a study of this problem has been under consideration.

Someone has said that this tax on the export of electric energy has been in existence for 35 years. So these experts must have known all about this tax, and yet, as far as I know, no representation has been made to the Government requesting a modification of this tax by this organization. I think it is safe to say that at no time have they approached members of Parliament from British Columbia asking them to make representations to the Government on their behalf. In fact, they assured us that they knew nothing about this bill until after it had passed the House of Commons. It would look as though, as far as this tax is concerned, they were asleep at the switch and suddenly, after four years of peaceful slumber, they woke up to realize that there is some urgency in having this matter dealt with to suit their convenience.

Honourable senators, I do not know how others feel, but I do resent any suggestion that by trying to uphold the rights, the privileges and the prestige of Parliament, we are thereby jeopardizing any project, especially when this suggestion comes from those who have completely ignored Parliament and are evidently hoping we will do likewise.

It was contended that it is essential that some definite decision be given regarding this tax in order for them to complete the report on the feasibility of this whole project this fall, which they are supposed to file with the Government of British Columbia before the end of the year.

Now, honourable senators, let us examine the argument that there must be some flexibility, meaning, of course, that if left so that the executive could deal with it prompt consideration could be given their representations if and when they make such representations. Honourable senators, this argument is not worthy of those who have had much parliamentary experience. If this bill is passed as it is, what will happen?

This Peace River organization will not be in a position to export power for years, and the Government is well aware of this. In view of this, will this organization expect the Government to drop this tax completely at the present time? If they do, they are surely much more optimistic than I could ever be. In my opinion, the best they could hope for would be to receive some assurance that if and when they are in a position to export power, favourable consideration will be given to their proposals.

However, if this bill passes as it is, and the Government should decide to drop this tax or to modify it in any way, it could, with the majority it has in the house, give the assurance that legislation will be introduced at the next session to carry out its commitment. Surely this should be satisfactory. If it is done in this way, Parliament would be recognized as it should be and everyone would be satisfied. In my opinion, the whole problem is just as simple as that. There is no need to belittle or ignore Parliament in this or any other case, for I am satisfied that no one need have any fear of bringing his case before Parliament if it is a good case.

An effort was also made to lead us to believe that the whole Peace River project may hinge entirely on whether some modification will be made of this export tax. Honourable senators will note at page 33 of the report of our committee's proceedings that $5,300,000 will have been spent by the end of the year in securing data which must be filed with the Government of British Columbia by the end of the year. Now, having spent $5½ million, knowing all the time that this tax was on the export of power, and if it is of such great concern to them, surely it would have been prudent of them to have discussed this question before they spent their $5½ million, instead of making a great noise about it now.

There is another reason why I am not seriously impressed with their argument of urgency, and it is this, that before any power can be exported a licence must be obtained, and I am advised that such licence can only be granted by the approval of Parliament.

In 1929 Bill 15 was passed in the House of Commons with no opposition. This bill provided that in future no licence to export power would be granted without approval of

Parliament. We who were in the House of Commons at that time remember very well the discussion that took place when Ontario wished to secure a licence to export power in 1937. The Right Honourable Mackenzie King would not agree to issuing a licence until Parliament met. When Parliament met for its next session Mr. Arthur Slaght, M.P., was all set to sponsor the bill to give this licence. However, just the day before the bill was to be introduced President Roosevelt issued a statement to the effect that no power would be allowed to be imported into the United States, so that was that.

I have made some inquiries and I found out that this Peace River organization have made no application for a licence to export power, and, of course, that is understandable. They may not need such a licence for some time. But I am of the opinion that they have no assurance from the United States that their power will be allowed as an import into that country.

In listening to this discussion in committee, it struck me as being peculiar how these promoters could talk so big and so loud about the hundreds of millions of dollars, even up to a billion dollars, they were proposing to spend, but their voices dropped almost to a whisper when mentioning the tax they may be called upon to pay.

I really do not know anything about the profits the companies presently in operation who appeared before us are making. Our Ontario Hydro-Electric Commission is a public utility which is supposed to give power at cost, so any tax paid by it is, of course, paid by the consumer. However, the Government will be well aware of the financial position of these companies and will know if they are seriously affected as a result of the present tax.

When this organization does come to the Government asking for tax concessions I hope the Government will insist on having some information on this sum of $5½ million that has been spent. For instance, it should ask how many engineers and economists have actually been employed and the amount paid to each. It should also insist on knowing if this project is depending on water power alone for its success; if not, then what other rights and concessions it is getting from British Columbia to start this development, such as oil, mineral and timber rights. I believe the Government will be entitled to this information if tax concessions are to be made. Personally, I am not much impressed with a story about a huge reservoir being available which will take some years to fill. I would be more concerned with knowing the volume of water that will be constantly flowing over this dam.

As far as deleting clause 2 of this bill is concerned, the situation as I see it is this, that there are 265 members of the House of Commons, and with 23 of them being in the cabinet there are left 242 members who, up to now, have had no say at all about the tax on the export of electric power. This bill, as it is, does give them some say in dealing with this tax. If we, as the Senate, delete this clause, then we are denying Parliament the right to have any say on the question at all. We will put the Prime Minister and his cabinet in a position where they can say to private members: "Well, you are a fine-looking intelligent group who have been sent here by your constituents to have some voice in the legislation being dealt with. Now, with reference to the tax on the export of electric energy we did try to make it possible for you to be in a position to express your opinions on what we believe is an important problem, but we are sorry to have to tell you that the Senate has indicated that in their opinion as parliamentarians you should not have an opportunity to discuss this question at all." The same thing could be said to the official Opposition and to all Opposition members.

Is that, honourable senators, the position we wish to put the Senate in? I hope every honourable senator will consider carefully his or her answer to this question, and decide if it is going to add anything to the prestige of the Senate by doing what a group of promoters are anxious we should do, namely, delete clause 2 of this bill.

We should remember also that Parliament consists of the Queen, the Senate and the House of Commons, and that any action taken by the Senate which will in any way belittle or interfere with the rights and privileges of the members of the House of Commons will have similar reaction on the Senate, because we are an important branch of Parliament.

Let me now refer to what I consider the proper diplomatic approach to matters of this kind. Some people have said that they have great respect for this Government. Well, honourable senators, this is a Government bill. In this bill the Government evidently desires two things. First, it wishes to have the matter dealt with by Parliament. Second, it wishes to have the tax remain as it is for the present. The companies affected by this bill must go to the Government if they wish to have any change in this tax, whether it is dealt with by order in council or by Parliament. That being so, I wonder if these companies, by trying to block this Government bill, really expect a more cordial and considerate reception than if they had gone along with the Government and, by doing so,

shown some respect for the wishes of the Government. In my opinion, the companies have been badly advised in this case, although I still believe that any Government would deal with matters of this kind on their merits.

Honourable senators, in passing this bill as it is we are doing no injustice to anyone nor are we doing any injustice to Parliament. If I did not honestly believe this I would not be appealing to you now to defeat this proposed amendment.

I wish to refer briefly to a statement made by Mr. W. C. Mainwaring, President of the Peace River Power Development Company Limited, when he appeared before our Banking and Commerce Committee when it dealt with this bill. He was describing the investigation the company was making into the vast power resources of the Peace River, and he said:

> If the result of our studies satisfies us that it is feasible, then we intend to proceed with the immediate development of that river.

Then he went on to deal with what I have referred to before. He continued:

> During the fall and winter of 1956, through all of 1957 and 1958, and now through 1959, we have had an army of engineers and economists who, compiling this report which, by agreement with the provincial Government of British Columbia, we must file with them on or before December 31 of this year. It will surprise you when I tell you that this feasibility and engineering report, when we complete it by the end of this year, will cost us $5,300,000. We are well advanced with our studies and we will make a report on time. If the report is satisfactory, and we have every reason to believe at the present time that it will be, we will be able to show that this is an economical project. We will have to proceed with our initial financing in the early part of next year, 1960. Our initial financing will be an amount between $400 million and $500 million. Our first development will be approximately 500,000 kilowatts.

Honourable senators, I believe it is in the best interests of the Senate to defeat this amendment.

Hon. C. G. Power: Honourable senators, as I shall be obliged to absent myself from the Senate in a few minutes and I may not be here to express my views through a vote on this matter, I would like simply to say, as concisely as possible, that in my view there is only one issue in this matter. I say this notwithstanding the very able and eloquent speeches which have been made in this house and elsewhere on this subject.

The issue is an age-old one, best expressed, from the point of view to which I adhere, in a resolution presented to the British House of Commons as long ago as 1780, in these few words:

> The power of the Crown has increased, is increasing and should be diminished.

Expressing the same view with respect to the power of the executive, that is to say, government by order in council instead of by the processes of a democratic institutional Parliament, that power of the executive through order in council has increased—and, I say to my sorrow, sometimes through Governments whch I supported, and is increasing. It should be diminished.

Honourable senators, if in this piece of legislation presented by the Government we see the first indication of a tendency to check the rule of order in council rather than the rule of Parliament, I for one strongly support it and will vote against the amendment.

Hon. David A. Croll: Honourable senators, I am opposed to the amendment and consequently the recommendation brought in by the committee. I support the bill. Let me give you my reasons. In so far as the tax is concerned it has been preserved in the National Energy Board Bill. In that bill the Government proposes to tax export by statute, which can only be changed by Parliament. If we accept the recommendation of the committee, which the honourable Leader (Hon. Mr. Aseltine) has indicated was passed by a vote of 13 to 12, the tax will remain but it can be varied downward by order in council. That is the crux of the whole problem. Is it to be government by Parliament or by order in council?

Let me fill in a little background which may be useful. The three private power corporations which appeared before our Banking and Commerce Committee were, I thought, primarily concerned with the tax. They urged the order in council method because it appeared to them to have more possibilities of producing the kind of result they wanted. The eloquent speech delivered by the honourable senator from Vancouver South (Hon. Mr. Farris) last Wednesday emphasized that aspect and confirmed my view that it was the tax they were trying to eliminate. It appeared that their prospects were better if Parliament was told about the elimination and was not consulted about it. Now, what is this tax all about? It is a tax on the export of power which has been in existence since 1925. Who is paying it? In 1958 the Government collected $1,400,000. The Hydro-Electric Power Commission of Ontario paid $980,000 of that, and the Hydro-Electric Power Commission of Quebec paid $140,000, making a total of $1,120,000 paid by these two public power commissions. The representatives of the B.C. Power Company, one of the private corporations, said in their evidence that they had done no substantial exporting since 1953. The two other corporations had no licence to export power and did not do so.

We are told that there appeared before the committee three power corporations. Let me tell you something about them. The B.C. Power Corporation blankets the province of British Columbia with electric service, transportation service, gas service and power service; but, as I have already indicated, that corporation does very little, if any exporting of power. It is a holding company servicing Vancouver and Victoria, and serves a population of about 950,000. It was incorporated in May, 1928. The B.C. Electric is one of its subsidiaries. The West Kootenay Power and Light Company was incorporated in 1897; it is controlled by the Consolidated Mining and Smelting Company of Canada, which in turn is controlled by the Canadian Pacific Railway. The West Kootenay Light, Heat and Power Company has never had a licence to export, has never paid a nickel in tax, and has not even an application pending for an export licence. Why these people came here, I haven't the slightest idea. I do not think any one can get bored in British Columbia at this time of the year, but if they wanted to come to Ottawa to make a trip, that was their business. In my opinion, they came strictly as a front in order to impress the committee and show a common cause. I think they came in order to put on a show and to give the representation a sense of importance that it did not deserve.

The Peace River Power Development Company is an interesting story. The honourable senator from Vancouver South referred to its undertaking as a grand adventure. A very apt term! What it has in mind is colossal in its implications. I have a press report here dated November 24, 1958, headed: "Recently formed Peace River Power Development Company isues 8,115,084 shares for Wenner-Gren plans and rights—B.C. Electric has 500,000-share interest." This is a subsidiary of the B.C. Power Corporation.

The item reads as follows:

> The huge 4,500,00-h.p. Peace River power project, capital costs of which have been estimated as high as $600 million, has been advanced another step with distribution of shares of the recently-formed Peace River Power Development Company, Ltd. The new company issued to Wenner-Gren Development (B.C.) Ltd. 6,884,424 shares of $1 par value and to Bernard Gore of London, Managing Director of the Wenner-Gren company and Deputy Chairman of Peace River Power Development, 1,230,660 shares —a total of 8,115,084 shares—for the Wenner-Gren plans and rights of the project. Western Development and Power Limited, a wholly-owned development subsidiary of British Columbia Power Corporation, Limited, purchased 500,000 shares for cash. Also issued for cash were 250,000 shares to Power Securties Corporation, London, 250,000 shares to National City Bank, London, and 250,000 shares to Associated Electric Industries, London. A total of 9,615,086 shares is presently outstanding.

The reason I read this was to indicate that these are the barefoot billionaires—power barons—who are coming to this country asking us to do away with the tax on power.

Hon. Mr. Roebuck: Are there any Canadians among those shareholders?

Hon. Mr. Croll: Oh, yes. The British Columbia Western Development Power is owned by the British Columbia Power Corporation. They are Canadians. Their interest is tiny.

Obviously, this is a Wenner-Gren project, and here they are crying about the tax they haven't ever paid, and which up till now has been paid entirely by the public power corporations of this country.

An interesting telegram was read by the honourable senator from Vancouver South. This telegram, from the Premier of British Columbia, appears at page 777 of the Senate *Hansard* of June 10. It reads in part as follows:

> Several aspects Columbia River negotiation seriously prejudiced by placing electrical energy export tax inflexibly in excise act.

We heard a great deal in the evidence about flexibility and inflexibility. My friend the senator from Toronto (Hon. Mr. Hayden) likes the term "elbow room for bargaining" —a sort of "Give us concessions or we won't play." I would like to say to him, perhaps expressing the view of many, that every corporation and every individual has the right to negotiate with Government, but no corporation, no individual, no matter how powerful, has a right to bargain with Government. Here we have the Premier of British Columbia, the same man who gave an empire to Axel Wenner-Gren, a name that should bring a shudder to all members of a free parliament, saying to us that there is no flexibility. He too wants the matter to be dealt with not by Parliament but by order in council. I would like to remind him, and this gives me an opportunity to say, that one of his ministers exercised what he calls flexibility by order in council: he mixed up natural resources with material resources and his own personal resources, and came to a bad end as a result. He is not the man from whom we should take advice in dealing with natural resources.

I think I should also remind the house about a statement made by the honourable senator from Vancouver South in reply to a question asked by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). Referring to Premier Bennett, the honourable senator from Toronto-Trinity asked, as reported on page 777 of *Hansard*:

> Is he not the chap who gave away an empire of public resources to private enterprise?

Hon. Mr. Farris: I am not aware that he did. I have heard a lot of socialists make that statement,—

The honourable senator from Toronto-Trinity was of course referring to Axel Wenner-Gren.

Well, I think I should tell this house that Arthur Lang, who was the leader of the Liberal party for many years in the province of British Columbia, denounced this Wenner-Gren project as a "give-away" and declared the party in favour of public ownership; and Ray Perrault, the new leader, spoke up for public ownership, but not for taking over the utilities that are now in existence. There is the distinction between what the socialists want and what the Liberal party stands for. We Liberals are not hobbled by dogmatism.

I cannot put it any stronger than it was put by the senator from Gulf (Hon. Mr. Power) a few minutes ago, except to repeat that there is a great principle at stake in this bill—it is either government by order in council or government by Parliament.

I believe orders in council are necessary. They are necessary for administrative purposes, for the day-to-day business of the country, for housekeeping. They are necessary in case of an emergency when Parliament is not in session. One illustration that comes readily to mind is that at times some immigrant who is desirable but does not meet the regulations has an order in council passed allowing him or her to make entry. That is the normal practice. In other words, orders in council have their place in government. It is their abuse we are opposed to.

My main objection to the amendment is that it permits special pleading by great and powerful interests. If a matter is dealt with in Parliament many minds are brought to bear on the subject. Everything is done in the daylight of publicity. There are questions, there are reasons asked, there are debates and there are explanations. Decisions, be they good or bad, are openly arrived at, not as a result of bargaining but in the light of what is good for the country. Where Axel Wenner-Gren is involved we should not relax our guard but we should double lock the door and stuff the keyholes.

Canadians have always been suspicious of orders in council. They do not like them, and the present Government has made violent and telling attacks on the Liberals for using orders in council—it said unnecessarily. Mind you, it is as guilty now as we were then, but that is another story. The Government took the case to the people and obtained a mandate, in my opinion a clear and unquestionable mandate, in two elections.

The Prime Minister went up and down the country condemning, excoriating and haranguing against the use of orders in council. He advocated that we return the power of decision to Parliament, and in this instance it is proposed to be done.

Now, for a moment think of our position. Should the Senate say no, can the Senate afford to say no, in order to give the Government an opportunity to turn to the people and say, "The Senate won't let us carry out the mandate"? That would be an impossible position for us to be put in, flying in the face of public opinion. When and if the public realized what is at stake it would be deeply disturbed.

In doing what I think is wrong we arm the enemies of the Senate—and there are some, I am told. The demagogues will go up and down the country and skin the Senate alive, the press will only add salt to the wounds, if we turn down the Government's request to let Parliament deal with so important a problem as this.

This is a matter of national importance in substance and in form. It is not good enough to say we have done it this way since 1925, so why not continue to do it? That cuts no ice. We could have been wrong in 1925. We are certainly wrong in the present circumstances. In the past the export of power, as the tax would indicate, has been done by public bodies. I have indicated that the tax, almost in its entirety, was paid by the Ontario and Quebec hydro systems.

Now we are entering into an era of private export of power and we have got to be on our guard. This is no hit-and-miss business. This matter involves long-term plans, years before they will be brought to fruition. It cannot possibly be argued, as my friend has already stated, that the problems are so urgent and there are such unusual circumstances of expediency and haste that there is no time to consult Parliament. The evidence before the committee indicated that it will be 1966 before these corporations are ready to export power.

The export of power is the hottest chestnut on the griddle, because it involves Canadian-United States relations. We are once again back where we started, facing up to promoters, exploiters and—to use a term which was used by the Prime Minister of this country before the last election—buccaneers who are building a great and powerful power empire in Canada. We have had a bellyful of Trans-Canada and Northern Ontario gas exploits.

If we accept this amendment we are asking for trouble. I repeat: If we permit Axel Wenner-Gren, to whom all the terms that

I have used are applicable and interchangeable, to by-pass Parliament, we will have committed a blunder of the first dimension.

This is the sort of matter that cries out to be dealt with by Parliament. To take away from Parliament under the present circumstances the right to deal with the power tax and to control the export of power is to take some sovereignty from Parliament.

I am opposed to unnecessary controls, and the best and most effective control that I know is the floor of Parliament. This above all is not a matter for order in council. In a matter such as this there should be no room for private representations, no facilities for special pleadings, no tolerance of a lobby, and, I repeat, no elbow room for bargaining. This is important enough for public debate on the floor of Parliament before action is taken. It is too important in the scheme of things to be left to the side door or the back door where manipulations and special pleadings can be carried on.

So I come back to where I started. For purposes of emphasis I repeat I think this Government has a mandate, a clear and undoubted mandate, to turn government back to Parliament. The Senate will find itself in an impossible position which it cannot defend if it refuses the Government the right to turn this matter over to Parliament; and, what is more important, we shall be doing what is wrong if we accept the recommendation of the committee. We are entering into an era in this country where the great debate will be on public ownership and public control of natural resources. That is the next great problem that is facing us, to prevent exploitation for private profit.

There are the renewable natural resources, such as forests, fisheries and water, but they need protection and wise management; and there are the non-renewable natural resources, like oil and minerals, which need conservation and wise utilization. We have got to stop wasting our natural resources. If we accept this recommendation to take the power of decision away from Parliament, in my opinion, I repeat, we will have committed a colossal blunder, bad in principle and worse in practice, and subject to abuses.

I don't think any speaker has yet approached this aspect of the problem: this is an inspired appeal to the Senate. These corporations have by-passed the Government, ignored the House of Commons and have come to the Senate. Everyone has a chance to appear before the House of Commons to present his problem. These corporations said they did not know anything about this bill. It is difficult for me to understand how an eminent counsel like Mr. Robertson, who has a representative here in Ottawa, with three members of the cabinet from his province, would say that he does not know what is contained in a bill that affects his corporations so seriously. These people never went near the ministry or the House of Commons. They went over their heads and came to the Senate. That is the best example I can give you of special pleading. They did not want to face the House of Commons, but they were ready to face the Senate.

Hon. Mr. Beaubien: Probably they know that more attention is paid to legislation here than in the House of Commons.

Hon. Mr. Croll: Normally the House of Commons likes to be consulted in matters of this importance, and the people expect it will be.

The Liberals in the House of Commons fought hard and long to get the house to give Parliament the right to restrict or limit the import of oil under the National Energy Board Bill, and they accused the Government of riding roughshod over Parliament, after claiming to be its champion. The Government, on its part, said it had to have the power in order to avert the dumping of cheap American oil and had to apply the power suddenly. I believe the Government made use of the occasion to demonstrate it must have that power in order to meet an emergency.

I would remind this house that our national defence policies today are being decided by the Congress of the United States. They are making decisions that Parliament should make. Our main and important task in this Senate, and wherever we can be heard, is to return government to Parliament—that is to the Senate and the House of Commons—where the people want it.

Under the circumstances, honourable senators, I cannot support this amendment.

Hon. Vincent Dupuis: Honourable senators, I cannot allow this occasion to pass without adding my humble views to the discussion on the proposed amendment.

Before doing so, I should like to congratulate first the Leader of the Government in the Senate (Hon. Mr. Aseltine) for at least on this occasion seeing the light and trying to practise the principles expressed by the distinguished Prime Minister during the recent election campaign. I would like also to congratulate my good friend from Huron-Perth (Hon. Mr. Golding) and my learned colleague from Toronto-Spadina (Hon. Mr. Croll).

I intend to confine my remarks to certain principles embodied in the bill, and shall not go into details which have been well covered by previous speakers, particularly the honourable senator from Toronto-Spadina.

I should like to say why I am in favour of the practice of keeping government in the hands of Parliament, the great principle for which our forefathers fought, not only in the Old Country, but here in Canada. They gave their lives for responsible government, that is government by the representatives of the people.

I am going to touch on a subject which most speakers approach with great hesitation, the Rebellion of 1837-38. This was a serious matter. May I say it was very serious for my forebears, for I am a descendant of a patriot who in 1839 was hanged for having fought for responsible government. Since then there has been held a generally wrong impression that this rebellion, this struggle of our people for responsible government, was a fight over race and religion between the English and the French people of this country. That impression is absolutely wrong. Rather, it was a struggle for responsible government. The common people were anxious to obtain assurance from Queen Victoria, then the Queen of England, that the Government would be administered by the representatives of the people instead of by a small clique known as the Family Compact. So it was in the Rebellion of 1837 that the majority of the Liberal party stood in favour of responsible Government.

In the debate on this proposed amendment we have had an opportunity to hear the distinguished Leader of the Government in this house speak out in favour of maintaining government in the hands of Parliament rather than allowing the Government to make decisions by order in council. During the many years I was a member of the House of Commons I was never shy about challenging any legislation that involved governing by order in council rather than by the peoples' representatives in that house.

We have before us now an amendment. I respect the views of those who sponsor the amendment in this chamber. I know very well that the mover of the amendment in this chamber is a very learned and distinguished lawyer of Ontario, and I raise my hat to him. But, if I am allowed to say so, lawyers with as great talent as my honourable friend make mistakes sometimes. That is why there are judges and that is why there are court of appeal. We are here to see that the majority of this chamber does not make the mistake of adopting this amendment, which the distinguished Leader of the Government in the Senate is so strongly opposing.

By passing this bill without amendment we will be helping to maintain responsible Government in this country, and to maintain throughout the world the reputation of Canada as being a country which is respectful of the views of the people as expressed through their representatives.

Hon. John J. Kinley: Honourable senators, the motion before the house is for concurrence in the amendments made by the Banking and Commerce Committee to this bill. This animated discussion has come about because of a decision of the committee, which was carried by a majority of one, that the section dealing with power be deleted from the bill. So far every one of the five honourable senators who have spoken this afternoon was in favour of reporting the bill without amendment. It seems to me that in a debate of this kind there should be alternate speaking, so if any senator wishes to speak on the other side of the question I am willing to defer and give him the opportunity now.

Hon. Mr. Horner: That is a good challenge.

Hon. Mr. Kinley: The bill before us seeks to impose a duty on the export of electric power. It says this, in section 2:

> Every person who exports electric power from Canada by a line of wire or other conductor shall pay an export duty of three one-hundredths of one cent per kilowatt hour on all electric power so exported by him.

On the other hand the Exportation of Power and Fluids and Importation of Gas Act, Statutes of Canada, 1955, Chapter 14 reads:

> The Governor in Council may make regulations imposing export duties, not exceeding ten dollars per horse power per annum, upon power exported from Canada and respecting the manner in which such duties shall be calculated and paid.

It seems to me in regard to the two pieces of legislation and the merits of the question whether the tax should be imposed by order in council or by statute, that section 2 which was in the Excise Tax Bill when it came over to the Senate was much better than the amendment proposed. The section which it is proposed to substitute by amendment says that upon power exported from Canada a duty may be imposed by the Governor in Council not exceeding $10 per horse power per annum. But, honourable senators, the tax that is to be imposed by Parliament figures out at only $2 a horse power.

A duty of $10 a horse power would be disastrous. It would destroy any effort toward the production of electricity for export, and it seems to me that on that question alone, when the bill fixes the duty at the equivalent of $2 a horse power—and, mind you, that is the rate of duty now paid, because the Governor in Council has fixed the tax for the time being at that rate—it seems to me

the promoters in their own interests would favour the law as originally proposed in this bill rather than the law which is in the Statute of 1955, which gives the Governor in Council power to impose a tax not exceeding $10 per horse power.

Let us look at the source of this legislation, honourable senators. Mr. Irwin, an official of the Department of Finance, read into the evidence taken before the committee a statement by the Minister of Finance. This is what he said:

> Section 4 of this act of 1955 which will now be repealed if this clause is adopted by the committee gave the Governor in Council the power to make regulations imposing export duties. This is the language of the clause:
>
> "4. The Governor in Council may make regulations imposing export duties, not exceeding ten dollars per horse power per annum, upon power exported from Canada and respecting the manner in which such duties shall be calculated and paid."
>
> The Minister of Finance then went on to say: "The feature of that existing law, which I must say I could not approve, is that it gives power to the Governor in Council subject to a ceiling to establish the rate of the tax."

Senator Macdonald then asked Mr. Irwin to read the next two paragraphs, and Mr. Irwin continued:

> It happens that the rate of tax on the export of power is 3/100 of one cent per kilowatt hour. What we are doing is to make that a statutory tax and to remove any power to establish a tax by order in council.—

Let me say the issue is clear. It is whether there should be tax by order in council or tax by statute. Mind you, we Liberals are not "without sin" as far as the passing of orders in council is concerned, and, of course, this statute was passed when the Liberals were in power. We might take refuge in the thought that during this century Canada has gone through two world wars which necessitated discipline and extreme legislation, notwithstanding the rights of the individual, in an effort to succeed. For that reason perhaps we got on the wrong road sometimes, but it seems to me that this bill affords us an opportunity of accentuating the fact that we believe in government by Parliament whenever possible. Some interests who appeared before the committee are interested in keeping this out of Parliament. They attack it on two fronts. They say if the tax is to remain it should be applied by order in council, but at the same time they say it is an unsound tax and that it is better to have it administered by order in council than by Parliament. Government by order in council is carried on behind the closed doors of the Privy Council, so it would seem to me that so far as the Opposition parties are concerned they would favour keeping what they could under the influence of Parliament, where they could have some part in the discussions and conclusions. If this legislation is to be under order in council, then the Opposition in the House of Commons will have no future say in the matter, and neither will the Senate.

So far as the Opposition parties are concerned, they should have regard for the liberty of the subject, and I think the liberty of the subject has indicated that law should be enacted by Parliament whenever possible.

Sometimes our Canadian Parliament follows what may appear to be rather useless traditional procedures, mere pageantry, but we accentuate whenever possible the theory that the Commons control the purse. This is considered to be one of the fundamentals of our democratic system of government. Whenever Royal Assent is given to money bills the Speaker of the House of Commons, with members of that house, comes to the Senate chamber and stands behind the bar. The Speaker addresses the Honourable the Deputy of His Excellency the Governor General as follows:

> May it please Your Honour:
>
> The Commons of Canada have voted certain supplies required to enable the Government to defray certain expenses of the public service.
>
> In the name of the Commons, I present to Your Honour the following bill:
>
> An Act for granting to Her Majesty certain sums of money for the public service of the financial year—
>
> To which bill I humbly request your Honour's assent.

Then the honourable the Deputy of His Excellency the Governor General assents to the bills and the members of the House of Commons withdraw.

That is the ceremony performed whenever royal assent is given to an appropriation bill. It symbolizes the power of Parliament over the purse, which includes the collection of taxes and the spending of tax revenue. This is very important, for down through the years taxation has played a vital role in the history of the Mother of Parliaments, the British Parliament. Long ago King James got into trouble with his advisers and had to promise that he would not pass laws by royal proclamation, but he did not carry out his promise. Then Charles I came along, and you know what happened to him. He lost his head and Cromwell came into power. That preceded the period of the Restoration.

With the complexity of business nowadays and the speed with which things must be done, it is easy to get on the wrong road. While some people like to take the easy way, I think the right way is the best way and that is to maintain the independence of Parliament. Legislation by Parliament is not only salutary from a democratic point of view, but it gives stability to business to know what

the law is and that a statute can only be changed by Parliament. Do not forget that Parliament meets once a year, so it is never long before legislation can be amended if necessary.

The witnesses who appeared in committee were eminent men with technical knowledge and they provided us with important information.

Company representatives claimed that this legislation would hinder them from getting the necessary funds to proceed with certain work, but what would these businessmen put in their prospectus if this legislation were left under order in council? They might go to some broker in the United States and say, "We have an order in council providing a tax ceiling of $10 per horse power". The broker would likely reply: "That is ruinous. You can't operate under that kind of legislation." But if you had a statute to work under, the broker would appreciate there was some permanency about it. It would seem to me that these people would be much better off under the legislation as it is.

The committee meetings were largely attended, and witnesses included officials from federal Government departments, the Ontario Hydro Commission, the Quebec Hydro Commission and hydro-electric interests in British Columbia. Hydro officials from Ontario and Quebec said they did not wish to make any representations but were standing by to give the committee any assistance they could.

Let us not forget that Ontario and Quebec are paying over 98 per cent of this tax. It was disclosed in committee that Quebec is exporting power to the United States via Ontario at the lowest rate in Canada. On the other hand, Ontario has been exporting and paying tax for many years. One Toronto lawyer said his only concern was the $10 ceiling and he cleverly proposed that we amend the bill to delete this provision which appears in the Exportation of Power and Fluids and Importation of Gas Act.

I say it is clear that on its merits parliamentary legislation is the best. From the tax angle we are told that it is a duty on exports, and this is regarded as rather serious by some. Well, it just depends. All other expenses of doing business have the same effect. In other words, whatever expenses a company may have will affect its export business, and the fact that this is an excise tax on exports has no more significance than have other taxes which people have to pay.

The excise tax is an internal tax, usually applied in the form of a licence, and it may be that these people who are dealing with primary resources of the country should pay a licence fee. We have heard talk about an unsound tax. Well, what is a sound tax? I suppose we might feel that any tax we pay ourselves is unsound. Take the tax on tobacco, for instance. What excuse is there for imposing a high duty on tobacco, except there is money in the business and it is an easy place to get revenue? The people pay it. There is an old saying that when you want money you have to go where the money is. Well, there is evidently money in the tobacco business.

The reason for taxes is need, and the problem is where can these taxes be obtained most easily? If I were a temperance lecturer I would gather together all the people who are excessive drinkers and say to them: "I would like to alert you on how much you are paying in taxes. I think you are very imprudent to pay so much of the country's taxes." There is an opinion in the country that if you raise the taxes on spirits the people will drink less, but experience shows that people do not object strongly to these taxes.

There is also a provision in this bill for an excise tax affecting cosmetics. Women are willing to pay for adornment, as we know. There was opposition in the committee to a tax on pharmaceuticals and cosmetics, but these appear to be good sources of taxation.

These people who are developing our resources—and they are not poor, but rich people, for they talk in millions—gave us a story in committee like a symphony in industry, a wonderful story which impressed one with the potential of British Columbia. They are close to the United States, which opens up a big export market. Do not forget, however, that they can only export the surplus. That has been the policy of this country for years. First of all, export was not permitted but later export of the surplus was allowed.

Now, in industry you must have business to pay your expenses, and a person who can export a surplus across the border is in an enviable position to make profits. The surplus of power will go to the United States. There is an international co-ordinated program whereby, as one man told the committee, power can be dumped. Canadian companies can buy it sometimes and sell it at other times. The condition is such that one company might have a lot of water back of the dam, while another company has none. There is an arrangement whereby if one power company is short of water and another has a good supply, as often happens, they can export or import as may be necessary. Is there any better arrangement than working together like this in mutual interest? Because of this, these

companies are enabled to do this business without extra capital, to carry on and have a bigger turnover with their equipment and staff. It seems to me that they are in a splendid position. I think British Columbia is on the road to great progress. It is a big province with wonderful natural resources. Its west coast faces the Pacific; there are no rivers running through the country like those we have in the east. Trade is carried by water as far as the head of the lakes. It seems that British Columbia will some day be up to the standard of the two large provinces of Canada, which we all envy but admire. I am sure we would all like to see British Columbia obtain the utmost possible benefit from all its resources.

So far as the future is concerned, the National Energy Board will arrange and advise about energy within and without Canada. Section 2 of the bill clears the way for the National Energy Board, without giving it powers of taxation.

Honourable senators, I am in favour of passing the bill without amendment.

Hon. Mr. Aseltine: Honourable senators, I wish to announce that His Honour the Speaker will be attending a reception for the visitors from Russia at 5.30 this evening. As there are several more items on the Order Paper to deal with, I am wondering if I should move that the house adjourn during pleasure, to resume at the call of the bell at 8 o'clock this evening. If necessary, the debate might be adjourned during pleasure, but I look to honourable senators for advice on how to proceed.

Hon. Mr. Hayden: We should not adjourn the debate, because that would put the debate over to the next sitting.

Hon. Mr. Hugessen: Could we not continue until 6 o'clock?

Hon. Mr. Aseltine: In that case we would have to come back at 7.30, and I do not know if we would be able to return by then.

Some Hon. Senators: 8 o'clock.

Hon. Mr. Aseltine: I think it might be best to adjourn during pleasure, to reassemble at the call of the bell, at approximately 8 o'clock.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

Hon. Arthur W. Roebuck: Honourable senators, I do not suppose anybody in this chamber will be surprised when I tell them that I am opposed to this amendment.

Hon. Mr. Hayden: There has been some slight evidence of that.

Hon. Mr. Roebuck: A little evidence has already been given and I am sure that anybody who knows my past would place me in this category. I have been a commissioner of the great hydro-electric system of Ontario, and I know something about power and its advantages, and so on. One could not contemplate the situation today with regard to power and people, from my point of view as an intense Liberal and democrat, without knowing that I would be on the side opposing the amendment.

Now, honourable senators, this bill is exceedingly simple, but so far we have travelled far afield in the debate, so I claim your indulgence if I too make some general comments and observations which are pertinent and which I think are called for under the circumstances.

Along those lines let me recall to your memory that the high standard of living which the people of Canada, and particularly the people of Ontario, have enjoyed in recent years is the result of the possession of cheap and abundant hydro-electric power. Natural resources, be they ever so abundant, contribute not at all to the well-being of people unless those natural resources are used. Of course, natural resources are the basis of all human industry, and in Canada that basis of industry has been made potent by the presence of millions upon millions of turning wheels, turned by hydro-electric and other electric power.

The part that electric power has played in the production of wealth is not generally realized, because electricity is silent and invisible, but these millions upon millions of tireless helpers of ours have played their part in every industrial operation. They raise our minerals to the surface, they grind our wheat, they turn our lathes, and they perform an infinite variety of industrial and personal services on our farms, in our factories and in our homes. If the Canadian people have enjoyed the possession of the good things of this world in greater abundance than most other peoples on this earth, it is in large part, if not wholly, because of the plentitude and availability of electric power. And honourable senators, let me observe this, that if we are to lead in the future as we have led in the past in this regard it will be because we have been increasingly inventive in finding an ever-expanding variety of means by which our silent slaves can assist us towards gracious living.

Now, the care with which we should husband our power resources was borne in on me as a commissioner of the Hydro-Electric Power Commission of Ontario when I

could forecast the time when all our falls and rapids would be harnessed, and notwithstanding that fact our demand would still exceed our supply. Recently that time has of course been pushed very considerably in advance by the million horsepower which the province of Ontario secures from the development of the St. Lawrence River. Yet even today with that million horsepower added we are still in sight of D-day in electric power; we can still forecast the time when our demand will far exceed the capacity of our rivers and falls to give us the supply.

I think that people realized the advantage we possess in electric resources and, great as they may be, the limitations I have mentioned of our supply; I think they realized that more fully and vividly when I was a Hydro commissioner than they do today. It may be that familiarity with blessings of this kind breeds contempt, or maybe it is forgetfulness, and we come to take things as they are, and we fail to visualize what would happen if we did not have them or we were prodigal in their use.

Twenty-five years ago we were very firm in our refusal to allow our neighbours to the south to carry off the power resources of the dominion of Canada. We realized then, and I hope we realize it today, that licences to export power are irrevocable and that, irrespective of the terms in which they are written, when a community grows up around a source of power it becomes politically impossible to cut that community off. Yet in spite of our realization of the seriousness of this matter in the export of our power, our power exports continue to grow.

In 1926, when the export duty was first applied, we exported 1,322 million kilowatt hours. In 1958 we exported 4,809 million kilowatt hours. That is to say, our exports in that period have more than multiplied by three.

Notwithstanding our experience that temporary expediency in this matter of giving away our power resources has ripened into a wedlock irrevocable and irrecallable—not recapturable, to use the words I have heard expressed here—we continue to receive and consider propositions of that kind, such as the one now before us.

Our experience at Massena is a typical example of what we run into in this matter of export of our power. Massena is a town on the other side of the St Lawrence River from Cornwall. Quite a number of years ago, as a matter of a temporary arrangement, we agreed to the export of power from Ontario to Massena, and have been exporting power there ever since. When I became a commissioner of the Hydro-Electric Power Commission of Ontario, in 1934, we already realized that that temporary arrangement had become a permanent obligation. Like Sinbad the Sailor, when the old man of the hills climbed on his shoulders it was impossible to shake him off. So it is with the export of power; once it is allowed, and a community grows up in consequence of it and industry is established on that basis, it is politically impossible for us to cut it off

We are now exporting to Massena some 75,000 kilowatt hours of firm power from Cedar Rapids in the province of Quebec. To go with that firm power we export very much more but in varying amounts, of interruptible power, so called, from Ontario Hydro. A community has grown up in Massena around that source of power, and irrespective of what the licences say, it is now impossible to withdraw that power without projecting a political international incident between Canada and the United States.

The Ontario Hydro-Electric Power Commission now has a licence to export firm power at Niagara Falls, Queenston, Fort Erie and Cornwall. In the licences there is no reservation as to discontinuance, although technically the licences are issued from year to year.

The Ontario Hydro also has licences to export interruptible power at Sarnia, Windsor, Iroquois Control Dam and Barnhart Island. This is so-called surplus power, or interruptible power, and the licences are endorsed with these words:

> Subject to reduction in whole or in part at any time as Canadian demand requires.

Yes, that is interruptible power, and that is so reserved in the licences. But, honourable senators, just try to interrupt it and see how soon it would be that our American cousins and customers would urge their prescriptive rights in the use of that power, and how difficult it would be, if not quite impossible, for us to disregard their plea and do it as a friendly act to a friendly neighbour.

The honourable senator from Churchill (Hon. Mr. Crerar) mentioned our experience with the Carillon Falls on the Ottawa River. For many years promoters have been asking for the right to develop the Carillon Falls for exporting power to the United States. They argued that the water that goes over the falls is lost and gone for ever. That is, of course, a truism, and sounds very much like the arguments we have heard with respect to the Peace River and the Columbia River. But licence to export power from the Carillon Falls was persistently, continually and emphatically refused by the dominion Government under Mackenzie King, and I rather fancy under Conservative Prime Ministers as well. But certainly Mr. King set his face against it, and over the years it was refused.

Originally, the Carillon Falls belonged equally to the province of Quebec and the province of Ontario. About twenty years ago, or thereabouts, we in the province of Ontario exchanged our interest in the potential development of the Carillon Falls with the province of Quebec for its 50 per cent interest in certain power on the Upper Ottawa. Now, as a result of what the dominion Government did in those years, and of our own wisdom in Ontario in connection with this matter, Ontario has great power on the Upper Ottawa within 100 miles due north from the city of Toronto, most advantageously placed, and of almost inestimable value to that province, and the province of Quebec has the great Carillon Falls within 20 miles of the city of Montreal. Just recently Mr. Duplessis, Prime Minister of the province of Quebec, is reported to have stated that that province will proceed in the near future with the development of the Carillon Falls.

So, honourable senators, let me suggest to you that it has paid us well not to be in any hurry to give away our national patrimony, and to resist the plausible arguments of promoters who, of course, then as now, were always in a very great hurry.

The promoters are in another great hurry, and this time it is not a normal hurry. It is a hurry so great that it is an emergency, or to express it in the words of the street, "They are in a hell of a hurry." The stakes are very much greater today than they were with respect to the Carillon Falls, big as those stakes were and now are. The stakes today include the Peace and Columbia Rivers, both of which have millions of dollars at stake, or perhaps billions, if we are able to look far enough into the future. The drive is for permission to send this Canadian power across the border to our neighbours to the south. Good neighbours that they are, the drive is to send the potential of these great Canadian resources almost *in toto* to the United States. I say "almost *in toto*", because we have been told that the first development is 500,000 kilowatt hours, and that the province of British Columbia could not absorb so great an amount. So, that province is to get less than 500,000 kilowatt hours.

How small that is when one considers the overall picture will perhaps be clear to you when I tell you that the power resources at Queenston, for instance, run something like 750,000 horsepower. That is not very far from 500,000 kilowatt hours, although it is not exactly similar. That will give you a basis of comparison. That is to say, these promoters tell us that the amount of power which they propose to give locally to the province of British Columbia is less than we produce in a single plant at Queenston.

So, I think I am justified in saying that their proposal is that they will export almost *in toto*, not only the first 500,000 kilowatt development, but the future developments which they have in mind, holus-bolus to the United States.

Now the argument so far as this is concerned, is that they should be allowed to hand over that power to our neighbours tax free. These promoters begrudge even the $2 per horsepower which our other power companies and public companies have been paying for the past 30 years. Of course they protest it and would like to get out of paying it, as I protest paying my income tax. I can understand the hydro-electric power systems of the provinces, and the companies, trying to get out of paying their taxes.

Hon. Mr. Croll: Hydro does not object to the tax.

Hon. Mr. Roebuck: No, Hydro never objected to paying the tax in my time, and not now, as the honourable senator from Toronto-Spadina says. But, these particular promoters insist on being allowed to transfer the electric potential in the river to the people of the United States without so much as a dandelion boutonniere for the present owners, the people of Canada.

Of course, I can understand the position taken by the honourable senator from Vancouver-South (Hon. Mr. Farris). He told us that he was the solicitor for the B.C. Electric Railway Company, and the honourable senator from Toronto-Spadina told us this afternoon of a large block of stock held by the B.C. Electric Railway Company and the B.C. Electric Company. I have great admiration for my honourable friend from Vancouver-South, and I can say that I understand his position, although I do not agree with him. He has said that he has been solicitor for that company for 30 years, and he has now come to believe that what is good for the B.C. Electric Company is good for British Columbia, and, therefore, good for the dominion of Canada. When he mentioned that, I suggested something that must have been familiar to all of you. When President Eisenhower formed a cabinet of big shots he included Mr. Wilson, who at that time was President of General Motors Corporation. You will, perhaps, remember the outcry that was made by our cousins to the south of us when Mr. Wilson announced that what was good for General Motors was good for the United States. Well, the people down there did not agree with him. In the press, at least, they blew their tops. Yet, that is the proposition that has been laid before us in

the course of this debate, that what is good for this private corporation, which has got its hands on some stock by which it hopes to make a killing out of a Canadian resource, is good for the dominion of Canada as a whole.

I can only say that the American corporations which would carry off Canadian resources freely will no doubt be surprised when they learn that their Canadian friends hold a somewhat different opinion. I suggest they will be grieved when they learn that we are in no particular hurry to give our resources away for the benefit of private power companies. Of course, they are in a hurry—a heck of a hurry. They are in such a hurry, honourable senators, that they cannot wait for Parliament to make the gift tax free. Parliament, as you know, sits at least six months of every year. Nevertheless, they cannot wait for Parliament. They do not like Parliament, and I do not blame them for that. They admit quite freely that their chance of getting away with a plum of this kind is much better behind closed doors than it is in Parliament. It is intimated, though not exactly stated, that members of Parliament are much too stupid to understand the intricacies of big business. We were told that to give the taxing power to Parliament was to put their case in a strait-jacket, while to allow these transactions to go on behind green baize doors would give elbow room for bargaining. It was my friend from Toronto (Hon. Mr. Hayden) who used that phrase; I do not think it came from the power companies themselves. It occurred to him at that moment, and I grabbed it as being an appropriate phrase to explain the situation as it stands today. Let me say that I have the greatest admiration for the honourable senator from Toronto. His thinking is clear. His presentations have been lucid on many an occasion. He and I are the very best of warm personal friends. But, honourable senators, friendship, I hope, does not require that both of the friends shall agree with each other on all occasions.

Hon. Mr. Hayden: I hope not.

Hon. Mr. Roebuck: I hope not, too. I hope that we can still be friends, quite irrespective of the views we hold on passing problems of this kind.

I am not in any position to charge these promoters with any sinister intentions, nor have I any intention of doing so. I have had some knowledge, honourable senators, of secret deals involving hydro power, by reason of which my opinion is reinforced, and I am not in favour of elbow room for power promoters. Generally speaking, our Canadian natural resources and our revenues are safer when that type of business is transacted in public, and not in secret or in private.

The Government's proposition in this bill is simply to transfer from the Governor in Council to Parliament the authority to determine the amount of the tax which Canada levies on power exports. Just why the Government wishes to divest itself of that power, of course, is anybody's guess. It is my guess as well as anybody else's.

No doubt the Leader of the Government (Hon. Mr. Aseltine) will convince us of his theory. I have two explanations, and, honourable senators, I am not one of those who rules out of speculations of this kind the possibility of good motives.

Hon. Mr. Hayden: That is a negative approach.

Hon. Mr. Roebuck: Yes, it is a negative approach, but it is a positive approach in this matter, in that I am ready to consider the possibility of good motives for a good action. Certainly the members of this administration denounced in no measured terms government by order in council both when they were in opposition and during the course of the two recent political campaigns. It may be that the members of the present Government would like to carry out at least one of their many promises. It is just possible that is the explanation for carrying out a policy which they denounced in no uncertain terms on many occasions.

Hon. Mr. Aseltine: You are too generous.

Hon. Mr. Roebuck: Well, if there is a little generosity there, please give me credit for it.

It may be that the Minister of Finance wisely enough wishes to escape the kind of pressure which those promoters plainly intimated to us they would apply on the Government if we agreed to this amendment and it went into force. It is just possible he wants to get out of that by having the tax fixed openly in Parliament, where the representatives of the public can have something to say.

Since the subject of this power has been called into question, let me give you some knowledge of official statistics with regard to our export of power. I have here a statement showing the kilowatt hours exported and the duty paid since the imposition of the export tax in 1926, when the figure was, as I have already stated, 1,322 million kilowatt hours. At that time the tax collected amounted to $288,000. I am leaving out the odd figures. These statistics disclose that except for fluctuations and variations there has been an overall steady increase in the export of power, until in 1958 we exported 4,809 million kilowatt hours. The revenue in that year amounted to $1,442,000. With the consent of honourable senators I would like to put this statement on *Hansard*.

STATEMENT SHOWING KILOWATT HOURS EXPORTED AND DUTY PAID SINCE IMPOSITION OF EXPORT DUTY

Fiscal year ending March 31	Kilowatt hours exported	Export duty paid
1926	1,322,004,701	$288,392.41
1927	1,570,355,181	357,421.89
1928	1,629,083,459	373,676.21
1929	1,556,226,721	351,108.78
1930	1,449,783,792	318,042.36
1931	1,698,835,661	394,619.58
1932	969,009,325	182,711.97
1933	638,077,812	87,745.15
1934	1,164,314,400	244,473.54
1935	1,261,404,733	265,872.04
1936	1,391,883,980	305,709.67
1937	1,669,121,660	389,964.74
1938	1,826,149,463	430,544.04
1939	1,887,636,429	449,986.59
1940	1,871,154,704	443,783.19
1941	2,260,791,257	560,047.38
1942	2,387,128,975	598,037.73
1943	2,457,111,210	618,953.15
1944	2,532,789,166	641,252.75
1945	2,525,268,266	639,320.48
1946	2,709,305,933	694,518.28
1947	2,388,624,614	598,750.98
1948	1,962,231,378	470,626.70
1949	1,832,027,833	435,758.07
1950	1,723,853,781	432,004.01
1951	2,028,672,768	608,601.82
1952	2,478,022,630	743,406.79
1953	2,463,059,301	738,917.79
1954	2,209,532,219	662,859.66
1955	3,390,329,790	1,017,099.01
1956	4,150,746,306	1,245,223.92
1957	5,388,135,621	1,616,440.66
1958	4,809,850,411	1,442,955.12
1959	3,865,824,285	1,159,747.31

Note: For the fiscal years ended March 31, 1926 to March 31, 1950 inclusive no export duty was collected on the electrical energy exported under Ontario Hydro's "firm" licence to export.

Hon. Mr. Reid: Has the honourable senator any information regarding imports of electric power?

Hon. Mr. Roebuck: No, I have not got that information, because we do not charge for that.

Hon. Mr. Reid: In British Columbia we import as much electricity as we export.

Hon. Mr. Roebuck: I will take the honourable senator's word for that.

Hon. Mr. Reid: Just to keep the record straight.

Hon. Mr. Roebuck: Honourable senators, I have here a summary of electric power exported by various companies in recent years. For instance, in 1958 the Hydro-Electric Power Commission of Ontario exported 394 million firm kilowatt hours on which it paid $118,000 in taxes. This commission also exported what is called surplus power to the extent of 3,416 million kilowatt hours for which they paid $1,025,000 in taxes. In addition there was exported from Ontario by the Canadian Niagara Power Company Limited firm power, on which it paid $91,000 in taxes, and surplus power on which it paid $14,000 in taxes. In Quebec the Southern Canada Power Company Limited exported 5,000,000 kilowatt hours, firm, on which it paid $1,504 in taxes, and exported in surplus power 38,176,000 kilowatt hours, on which it paid $11,453 in taxes.

The province of Quebec exported directly a very small amount compared to the province of Ontario, so that the latter has paid, as has been stated here, the major portion of these taxes.

Honourable senators, may I have your permission to place additional statements on *Hansard?*

Hon. Senators: Agreed.

Hon. Mr. Roebuck: They are summaries of electricity exportation for each of the fiscal years 1956, 1957, 1958 and 1959. As they are rather long, perhaps they could appear as an appendix to this debate.

For statements see appendix to today's Hansard, *pp. 850-1.*

Hon. Mr. Isnor: I wonder if the honourable senator has a table showing the revenue derived by power companies with respect to power coming into Canada?

Hon. Mr. Roebuck: I am sorry but I have not got that information. I have not got access to their books. I don't think the Government has either, although it might be able to obtain that information for us.

Honourable senators, I am not at all sure that these promoters desire to abolish the whole tax on the export of power. It is likely they would be satisfied with a slight discrimination in their own favour and be willing that Ontario, Quebec and other provinces go on paying. That might be quite reasonable, although Ontario and these other provinces might not like it too much if they should have to pay while promoters in British Columbia are specially exempted. I do not know what the promoters are going to ask the Government to do if we allow them to go behind closed doors.

This whole argument, in my good judgment, boils down to a simple question of whether Parliament should possess and control the taxing power of the nation. Honourable senators who have read history will recall how control of the purse strings curbed the arbitrary power of the monarch and made of England and of Canada a parliamentary democracy. It was control of the purse strings that did it. It has been a settled principle of British people almost as long as Parliaments have existed that taxes must be levied by Parliament.

Big business has never liked doing big business in public. Publicity deprives them

of that elbow room which they would like at the present moment for secret bargains. Secrecy in the past has always enabled some people to get away with something big in a hurry.

Honourable Senators, I am a Parliament man, as I think all members of this house are. I believe in open debate where the public interests, public finance, and public resources are concerned. I give the Government credit for proposing to trust Parliament in this matter and to restore to Parliament its traditionally proper rights and responsibilities. In this instance it is moving away from hole-in-the-corner deals and reversing a trend which you and I have observed over the years—and we have not been without sin ourselves in this matter—of transferring the powers and responsibilities of Parliament to be conducted behind closed doors by the executive. It is a trend which we in this chamber have opposed on numbers of occasions, and I thought opposition to it had become a settled principle among us. Are we now to reverse the position we have held so firmly and for so long in this house? Are we to overrule a Government move to deal in public, and ourselves actually force it to deal in private? Is that the principle which we in this chamber wish to establish? Shall governments in the future hide behind the Senate when called to account for government by order in council, and say, "Yes, we would have trusted Parliament, but the Senate would not let us do so"? Let it not be said that we of the Senate of Canada, who believe that parliamentary government is the best form of government that has yet been devised among men, refused to allow this Government to restore to Parliament its traditional responsibility with regard to the taxes levied upon our people, and that we insisted that it deal in secret. Whether we pass this amendment or do not pass it, the taxes for the moment will remain the same; but the great general principle for which the Senate has stood so long will be in jeopardy if we switch our principles at this stage and, even in this one isolated instance, stand for government by order in council instead of parliamentary democracy, of which we are so proud. I am sure that we are not going to do that in this house.

Hon. W. Ross Macdonald: Honourable senators, I wish to take up just a very short time of this house in explaining my personal position. Let me say, in the first instance, that I do not agree wholly with any of the speeches that have been made today, with the exception possibly of the speech made by the honourable senator from Gulf (Hon. Mr. Power). May I also say that the reason I voted as I did in committee, and took rather a strong stand there, was that I expected the National Energy bill would come to this house in the form in which it was introduced in the House of Commons. If honourable senators read the bill as it was first drafted they must have noticed that the Government claimed for itself wide powers which could be put into effect by order in council. However, after that bill had been discussed in the House of Commons for some considerable time it was amended in many respects, so that now the Government has not the power that it had under the original bill.

Honourable senators, having taken that stand, or at least prepared myself to take that stand, against government by order in council, I thought that this bill which took some power away from the Government should be supported, and I therefore supported the original bill in committee. I did not support the amendment.

I would like honourable senators who were not in committee to know that the amendment was not proposed by a senator on the Opposition side of this house, but by one who supports the Government. The amendment, which one might call a Government amendment, as recorded in the proceedings of the committee, reads as follows:

> I want to move an amendment. I move that section 2 be struck out and deleted from the bill so that the matter of export duty will go back under section 4 of the Exportation of Power and Fluids and Importation of Gas Act the way it is at the present time.

Honourable senators, I opposed that motion, and I expressed my view on it before the Leader of the Government (Hon. Mr. Aseltine) expressed his view on the amendment in this house.

May I say that when this motion was presented to the committee it was supported by a number of Liberal senators and also a number of Conservative senators.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Macdonald: If my memory serves me correctly, four Conservative senators voted in favour of the motion and two against it. Therefore, my position in this matter has nothing to do with any influence that might have been exerted upon me by speeches from the other side of the house.

I do not agree altogether with what the Leader of the Government said today. He suggested that this was a Government bill, and therefore the Senate should approve it.

Hon. Mr. Aseltine: No, I did not say or even suggest that at all.

Hon. Mr. Macdonald: I understood my honourable friend to say that. Well, I am sure that in committee the former Leader

of the Government (Hon. Mr. Haig) definitely suggested that because it was a Government measure we should support it in this house.

Hon. Mr. Aseltine: I did not take that stand at all.

Hon. Mr. Macdonald: Then I withdraw my remarks regarding the position of the Leader of the Government, but I do not withdraw them with respect to the statement made by the former Leader of the Government, the senior senator from Winnipeg (Hon. Mr. Haig), which appears in the reported proceedings of the committee. Certainly this is a Government measure, but we review every Government measure that comes to this house. Just because the Government wants it is no reason, so far as I am concerned, why I should approve of it.

Now, honourable senators, I do not know whether the statement has ever been made that it is proper to have this amendment, clause 2, appear in the bill to amend the Excise Tax Act. I do not know why the clause should not be left in the Exportation of Power and Fluids and Importation of Gas Act. This bill is going to affect not only the province of British Columbia, but all provinces in Canada, and no doubt other companies than those mentioned will want to export power to the United States. We have a great potential in so far as water power is concerned in the provinces of Ontario and Quebec. When this bill comes into force its provisions will affect the whole of Canada.

So far as I am concerned, I am not opposed to the development of our power resources by private companies. I have great respect for the company which appeared before our committee, and I think we should encourage it and similar companies to go forward with their developments. I have great admiration for its initiative, and I think it should be praised for its enterprise instead of being criticized so severely. Of course the company might make money, but on the other hand it could lose money. Large sums of risk capital are being put into the development of the power resources, and I have no objection to the representatives of the company coming to Parliament and trying to have this tax repealed. In fact, honourable senators, I am not at all sure that it is a just tax.

Honourable senators, how many times have we heard in this house that the prosperity of Canada is dependent on our exports? If we export power to another country it will bring dollars back into this country. Therefore, I believe that these companies should be put in a position to export this power at a profit so that dollars will come back into this country. But the tax in effect at the present time may be such that it will prevent or make impossible exportation of power at a profit. I hope the Government will review very carefully the provisions of the bill as to the very considerable tax proposed on exportation of power from this country.

Honourable senators, there is only one issue at stake so far as I am concerned. Let me make myself perfectly clear. I think the company should receive praise and assistance for what it is doing. It is just a question of the appropriate method of assistance. Should we approve of taxation by order in council or should we insist that taxation measures be approved or disapproved by Parliament? That, in my opinion, is the whole issue here.

Honourable senators, we have been considering this matter today wholly from the viewpoint of one power company that wants a reduction in the rate of tax. At the present time the Government has power not only to reduce the tax but to increase it. Would any honourable senator agree that the Government should be allowed to increase this tax by order in council? This clause does not work only in one way. To illustrate my meaning I refer to section 4 of the Exportation of Power and Fluids and Importation of Gas Act, which reads as follows:

> The Governor in Council may make regulations imposing export duties not exceeding ten dollars per horsepower per annum, upon power exported from Canada and respecting the manner in which such duties shall be calculated and paid.

So, honourable senators, if we do not amend this bill the cabinet has the power to increase the present rate of $2 to $10, and Parliament would not have a word to say about it.

Hon. Mr. Higgins: Did the honourable senator say $10 per horsepower? Surely you must mean per 100 or more horsepower?

Hon. Mr. Macdonald: The figure is $10 per horsepower per annum.

That is what bothers me about this bill. I would not mind so much if the Government had reduced the tax. In fact, the Government can reduce customs tariffs without reference to Parliament but it has to report its action to Parliament at the following session. I know of no act authorizing the Governor in council to increase custom or other duties. But if we allow section 2 to stand, then we shall be in effect saying to the Government, "You can increase the tax on the export of power without coming to Parliament." Well, honourable senators, so far as I am concerned I won't approve of it.

Hon. Salter A. Hayden: Honourable senators,—

The Hon. the Speaker: Honourable senators, when the honourable senator from Toronto (Hon. Mr. Hayden) speaks, he will not necessarily close the debate. As a matter of fact, he has no right to speak twice in the same debate, except with unanimous consent of the house. However, may I remind honourable senators that he could speak once again on the motion for third reading of the bill. Considering this, does the honourable senator have the unanimous consent of the house to speak at this time?

Some Hon. Senators: Agreed.

Hon. Mr. Macdonald: Unanimous consent.

Hon. Mr. Choquette: We are in the mood.

Hon. Mr. Dupuis: By order in council.

Hon. Mr. Hayden: Thank you very much for permission to speak. I should point out that in the years in which I have been in this chamber the practice has developed almost to the stage of a rule of law that when a report containing amendments is presented, and those amendments are explained, the senator who presents the report and gives the explanation has, as a matter of course, been permitted to answer.

There is another ground, quite apart from the report, which I am concerned about. Somehow or other in the course of the debate that has taken place today I was injected into it as a sort of whipping boy, in that some of the more vehement expressions that were used by some of my friends from Toronto were related to a remark which I had made. So even on a question of privilege I feel I could justify begging the indulgence of the Senate at this time.

I am not going to detain the house long, but there are a few things that should be said at this stage. As you know by now, if you did not know before, I was chairman of the committee that considered the bill. When the vote was taken, the clerk started counting those who supported the section in the bill, and they numbered 12. He then counted those who opposed the inclusion of the section in the bill, and they numbered 12. As yet I had not been reached to say whether I was going to vote or not. Of course, at that stage the section of the bill was lost, because a tie vote means the question is resolved in the negative. But feeling as I did in relation to this section, I as chairman courageously voted so as to indicate that there was a majority viewpoint and not just a tie vote.

I realized, too, the power of the Senate. This was a committee of the Senate, acting on instructions of the Senate, and when we report what we have done you can take it or you can reject it. That is the function and duty of the Senate. But some of the things that have been said here today, and have been laboured very strenuously, bear no relation to the subject-matter before us at all.

The honourable senator from Toronto-Spadina (Hon. Mr. Croll), who spent some time talking about the question of attempting to remove a tax on power, was talking completely beside the question. The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), who was talking about denying the right to export power, or if it was going to be done Canadians should do it, was talking completely beside the question. He at least discovered later in his remarks what the question was, when he stated, as it appears very simply to be, are we going to transfer an authority to tax, which is contained in the Exportation of Power and Fluids and Importation of Gas Act and under which the Governor in Council is authorized to impose the tax, from that statute and put it into the Excise Tax Act at a fixed rate?

At the present time as it exists in the statute the range of tax is anything from $10 per horsepower per annum down. The actual rate over the years has been $2 per horsepower per annum. The section which we are discussing in the Excise Tax Bill proposes a fixed rate of $2. That is the sole issue.

As I pointed out when I explained the amendments, representations were made to the committee. I made very clear in my explanation of the amendment that when I used the expression "elbow room for bargaining" that was my expression. What I was attempting to do was explain by paraphrasing, or in my own language, what appeared to be the thing the witnesses were asking, namely, that they did not want to be locked into a fixed rate. Therefore, they said, don't shift this section at the moment until we see where we are heading in the arrangements we have.

Now in that respect it may be that my sense of detection and sniffing out very subtle conspiracies that sometimes exist, and very often do not exist, is not as acutely trained as is that of some others. There seemed to be some evidence in the discussion here today that there was a very subtle and nefarious scheme in the minds of these people who came before us to have this section remain in the present statute so they could go to the Governor in Council, close the door behind them, and make a secret deal.

I saw nothing of that, and I suggest there is nothing in the evidence from which that can be concluded. But let us get down to the word "bargaining" for a moment.

Both my honourable friends from Toronto seem to think that there was some sinister meaning in the word "bargaining". If there was, I did not intend it.

Hon. Mr. Roebuck: I attributed no such sinister meaning.

Hon. Mr. Hayden: I accept what my friend says. I thought he did attribute such a meaning.

Hon. Mr. Roebuck: Oh, no.

Hon. Mr. Hayden: I thought you did when I made my explanation the other day.

Hon. Mr. Roebuck: In my interruption I may have suggested something in a sarcastic way, but certainly in my speech today I did not attribute anything sinister to you. As a matter of fact, I explained when I picked up the sentence which was yours, that I did so because it seemed to express so clearly the situation before us.

Hon. Mr. Hayden: I accept my friend's explanation, and I add this observation. Knowing my friend for as long and as favourably as I have, I felt that anything he said was meant to be taken seriously.

Hon. Mr. Roebuck: That is right.

Hon. Mr. Hayden: I consulted the *Shorter Oxford Dictionary* to learn what was the meaning of the word "bargain", and I noted it has many meanings. One meaning given is "to negotiate". That is a quite obvious meaning, and the one which I attribute to it. It also means "to arrange details", or "to agree to buy or sell". It has the secondary meaning of "to contend". It has another meaning, "to haggle over terms".

Hon. Mr. Aseltine: Which one did you mean?

Hon. Mr. Hayden: My friend was not listening when I opened my sentence. I am sorry, but I don't expect he is going to listen to everything I shall say tonight. However, I thought in the beginning he might be listening. I said I intended the word to mean "to negotiate". I think that is the normal and ordinary meaning of "bargain". It does have a secondary meaning, a colloquial meaning and a slang meaning. For instance, if you said you bought something at a bargain, that would be using the word in the colloquial sense.

I am wondering whether my friends felt that because I used the word "bargaining" there was some suggestion that if these power company representatives went behind closed doors with the Governor in Council they might be able to come out with a good bargain. Well, I don't know anybody who has been able to do that with this Government yet, and I doubt very much if these power people from the west coast could do any better than others have done so far.

Moving on from that, I will try to analyse the position which was expressed here today. Of course, honourable senators are permitted to change their views and develop new ones in relation to the various subject-matters which come before them, but I heard today in this debate such an astounding change in viewpoint from what was said not so long ago that I could scarcely believe it. I wonder if my honourable friends will recall that in 1955 we had before us in the Senate a bill which had first passed the House of Commons and which repealed the then existing Electricity and Fluid Exportation Act, and enacted a new statute which perpetuated the same section 4 and taxation by the Governor in Council.

I remember it well because I was chairman of the Standing Committee on Banking and Commerce at that time. When I presented the committee's report to this house there was an amendment by way of clarification which the committee had suggested. I proposed that the amendment might be considered at that moment, but my friend the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) objected. He said:

> Why now? Is there any hurry to read this bill the third time? I think it is far better to observe the usual rule which requires a day's notice of a motion for third reading. I have no objection to the bill, and I am not likely to take any objection when it comes before the house for third reading, but somebody might wish to object. I am more inclined to follow our usual rules, unless there is some good reason for doing otherwise.

That deals with an attitude in relation to this same subject-matter. We had then an opportunity to correct this in 1955. Let us go down the line. Let us consider the honourable Leader of the Government (Hon. Mr. Aseltine). He was in the Senate at that time, and I notice he did not take part in the debate at all. I notice that the honourable Senator Golding was in the Senate at that time, and while I appreciated very much the speech he made today, and was very happy to have in such a clear-cut fashion his statement of principle without any embellishment, the record of 1955 is silent so far as any discussion from him is concerned.

The honourable Senator Kinley, who spoke today, and who thought that the liberty of the subject was being endangered if we dealt with this legislation at this time, had no such views to express on that earlier occasion.

Hon. Mr. Higgins: I suggest that the older we get the more sense we get.

Hon. Mr. Hayden: I hope that is true.

My honourable friend the senator from Toronto-Spadina (Hon. Mr. Croll) did not come into the Senate until July of 1955, so he would still be a member of the House of Commons when this bill was before that house. There is the great sounding board; there is the great crossroads of public opinion which is expressed by those elected and returned to Parliament by the people of Canada for the purpose of making known their views. There parliamentary institutions and rights are preserved.

Hon. Mr. Reid: Thank God for *Hansard*.

Hon. Mr. Hayden: The honourable senator from Gulf (Hon. Mr. Power), who spoke so firmly this afternoon, came into the Senate after this bill had been assented to and, therefore, was a member of the House of Commons at the time it was dealt with there. What I have said with respect to the honourable senator from Toronto-Spadina would apply equally to the honourable senator from Gulf.

I only refer to that historical record because it is not so long ago that we were dealing with a new piece of legislation which was proposed by the then Government, and there was an opportunity then, at least, to raise the issue of amendment, or to object to government by order in council and the perpetuation of government by order in council, but nothing was said.

Let us come down to some of the things that have been said here today. I have regarded it as the function and, indeed, the duty of the Senate to be a place where, even when the doors of the House of Commons may be closed to minorities who want to present their views, those views can be heard, whether we agree with them or not. Many times during the period that I have been in this house we have heard representations from organizations to which we knew in advance we were not going to pay any attention because we did not share their extreme views. Yet, we said even though they are a minority, if they want to come before us and present their views we are going to hear them. Therefore, I see nothing objectionable in having minorities representing the power interests in the west going to the Governor in Council, if they so wish, or coming to the Senate, and I get very much upset and disturbed and shocked when I find it suggested that we should close the doors against their coming, lock the doors and throw away the key, and even stuff the keyhole.

Hon. Mr. Horner: No one suggested that.

Hon. Mr. Hayden: I think that is going to an extreme in dealing with a question of this kind. Surely we can deal with this on the basis of the issue that is before us without getting into personalities to the extent of what was said here today.

The debate has proceeded along a line that is not relevant to the issue at all. If the honourable senators who spoke today can see something relevant that my radar does not permit me to see, I would be happy to know of it. Their radar, of course, may cover a broader and wider range. It is true that difficulties develop with radar from time to time. I understand that objects are not too distinguishable at times on radar and, therefore, one may misread what is on the radar screen. I hear that distortions develop in radar from time to time.

Hon. Mr. Horner: You are sure yours is working all right?

Hon. Mr. Hayden: Well, I am not only very sure—

Hon. Mr. Reid: He has a good antenna.

Hon. Mr. Hayden: —but I am also sure that if my friend was asked to explain what was the point in issue in this bill he would give the explanation which is the only explanation, and that is what I stated in the beginning. My friend has too much good commonsense, and he has been in Parliament too long, not to be able to discern what is the point of the question, and when he wishes to he stays right on it.

So far as some of the other things that have been said here today are concerned, my own view is a very simple one. I was prepared in committee, and I am prepared now, to support the report of the committee, and I am explaining my position. I am not attempting any oratory to influence you to follow me. I am simply explaining, and I am trying to take away from your view of the picture all the foreign matter which has been piled on top of the real issue, so that there may be no smothering or shutting-out of a proper consideration of the real issue.

I had no idea that our consideration of this section could boil up to such a major issue that we have had hinted to us here today. Many years ago King Charles literally lost his head because of an attitude which he took, and it was, I think, suggested that what we are attempting to do would be in line with that. I think the suggestion was that what we were doing in striking out this section was turning back the hands of progress, turning back the development of democracy, destroying and hamstringing Parliamentary institutions. That viewpoint, to my way of thinking, in relation to what we have to consider in this bill, is just so much nonsense.

There is no liberty of the subject involved. Let me tell you why. Under the Electricity Act, under which this tax is levied now, the minister is required to report to Parliament each year the whole operation of the act. The honourable Leader of the Government suggested today there was no emergency because section 22 of the Financial Administration Act permits one to apply to the Governor in Council for a remission of duty. What I would point out to the honourable leader is that there must be consistency and consideration. Under the Financial Administration Act the Governor in Council, with the consent of the Treasury Board, may remit a tax, and once the tax has been remitted the Governor in Council is obliged to report to Parliament. So you have a report to Parliament in either case, and therefore it is equal so far as the elected representatives of the public getting to know what is done is concerned. But in either case, whether you proceed under the Electricity Act or the Financial Administration Act, you have government by order in council.

I would point out that in an infinite number of cases it has been thought by Parliament and even the Senate, both in committee and in the house, that giving some of these powers to a minister and to the Governor in Council has been a good thing to do. Not very long ago we gave consideration to the Customs Tariff Act and we approved a schedule of rates in relation to fruits and vegetables. There were two sets of rates involved and we gave authority to the minister to determine the period in which the higher rate would apply and, inferentially, when the lower rate would apply. Now, what difference is there? A number of sections in the Customs Tariff Act give authority to the Governor in Council to lower rates of duty, to forgo rates of duty on certain classes of material, and to change rates of duty for bargaining purposes by order in council when a desire is expressed by a foreign country to make some kind of trade agreement with us. It has happened that over the years the Governor in Council has been given many important powers, including that of determining what the rate of duty will be on goods coming in. It has been said that even though this practice has been going on since the first statute was introduced in 1907, if we carry it on for another instance, parliamentary institutions are going to fall down around us and the liberty of the subject will disappear from the land. I just cannot get agitated to the extent of the unrestrained language that was used in describing the consequence that would follow if the Senate did not restore section 2 to the bill. It was a gross exaggeration of the situation.

The Senate itself has an historical position, and in passing this amendment to the bill we would be proceeding by legal methods and in a parliamentary fashion, for it was Parliament that incorporated this section originally and it would be Parliament that determined the administration could best be done by the Governor in Council having authority. Parliament today, as represented by the Commons, says it wants to transfer that authority to the Excise Tax Act at a fixed rate. Because some of us share the view that we should move gradually, having regard to the position of certain interests in Canada, I suggest it is completely without foundation to jump to the conclusion that parliamentary institutions are being wrecked by such a course of conduct. It is a complete *non sequitur*. The fact that these organizations are willing to risk their own money in the development of our natural resources is neither here nor there, although we should be thankful they are doing this, because it is the only way great development can take place in Canada. We have to have people with the pioneering spirit who are prepared to risk capital and who look upon money as a commodity rather than something they should count, treasure and admire from time to time but never put to such a useful purpose as the development of natural resources.

There is another statement which my honourable friend from Toronto-Trinity made that rather shocked me. I refer to what he had to say about the business of exporting power. Well, we export metals and pulp.

Hon. Mr. Reid: And gas.

Hon. Mr. Hayden: Yes, gas and uranium.

Hon. Mr. Beaubien: And iron ore.

Hon. Mr. Hayden: Yes, iron ore. I have not heard any complaints about exporting those products. Our revenues have been substantially increased because of their exportation. Even during the war, thank goodness, we exported gold. It was the only way we could balance our monetary position in relation to U.S. dollars.

Hon. Mr. McKeen: And there was no export tax on that gold.

Hon. Mr. Hayden: No. On all those exports which represent a depletion of our resources there is no tax. Here we have a tax on the power that is going out. There is a market price for the power in the United States, and if that market price will not permit the addition of the tax, then the tax has to be absorbed in the Canadian operation. I am not

arguing the merits of whether there should or should not be a tax. This is not the time to argue that matter, but what I am seriously endeavouring to do tonight is to reduce this problem to normal proportions so that honourable senators may examine it fairly and sincerely. It is not the inflated, swollen picture that you might get from some of the presentations that have been made in support of refusing to accept the report of the committee. The matter is within a simple compass and can be easily understood.

Honourable senators, in view of what has been said about how seriously parliamentary institutions have been endangered by what has been done, and since there may be some oblique, derogatory reference to the conduct of the majority of the committee in daring so to endanger our parliamentary institutions, I hasten to assure honourable senators that I do not think any person in the Senate or in Parliament or elsewhere in Canada has a monopoly in love for this country or respect for or devotion to the continuance and extension of responsible Government and the preservation of parliamentary institutions. In relation to the striking out of this clause, I think I should say on behalf of the members of the committee, and myself as chairman, that we are all good Canadians. I think you will let me give them a certificate of character. They are not undemocratic, or hiding under the Parliament buildings with a bomb, threatening that if we go for this everything will be blown up and our parliamentary institutions will be lost in no time.

If I have succeeded only in bringing this thing back to reality, getting all the garnishings off the picture, and eliminating all the unrestrained and intemperate language that has been used to describe what this committee by its majority had done, then I shall have accomplished all I am seeking to accomplish here. I have not asked one of you here this evening to vote to support the report of the committee. That is for you to decide in your own way, exercising your own intelligence. All I ask you to do is to consider the report of the committee on its merits and within the scope and framework that you need to operate for a proper consideration of the report. As for all the rest, the fanfare, the colouring and all the romancing that has been added, please dismiss all that from your minds.

The Hon. the Speaker: Honourable senators, it has been moved by the honourable senator Hayden, seconded by the honourable senator Beaubien, that the amendments made to Bill C-47 by the Standing Committee on Banking and Commerce be concurred in. Is it your pleasure to adopt the motion?

Hon. Mr. Aseltine: No.

Some Hon. Senators: No.

The Hon. the Speaker: Those in favour, will say "content".

Some Hon. Senators: Content.

The Hon. the Speaker: Those opposed will say "Non-content".

Some Hon. Senators: Non-content.

The Hon. the Speaker: Evidently the non-contents have it. I declare the motion lost.

Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: Next sitting.

EXPORT CREDITS INSURANCE BILL

THIRD READING

Hon. Léon Méthot moved the third reading of Bill S-22, to amend the Export Credits Insurance Act.

Hon. W. Ross Macdonald: Honourable senators, before this bill is read the third time, I think I should point out that the risk which the Government will assume if this bill is passed will be considerably greater than the risk it assumed prior to the introduction of this bill.

Under the act as it stands at the present time the corporation can insure the value of the exports to the extent of 85 per cent. There is a joint liability. The exporter has to look to his customer for 15 per cent of the cost, and then he can look to the Government for 85 per cent of the cost. Under the amendment the corporation can accept any security to the full extent of the value of the export.

Suppose a Canadian company exports goods to a corporation in Central Europe in the amount of $100,000. The exporter can accept a note for $100,000, take the note to the corporation, which can accept it and give the company $100,000. Honourable senators will see, therefore, that the risk which the Government would assume under the bill is much greater than the risk it assumes at the present time. Whether or not it is advisable to assume such risk, I am not prepared to say. I do not want to discourage companies from exporting, but it seems to me to be an unusually good deal for these exporters. Previously, for a $100,000 sale they were insured to the extent of $85,000, and they had to wait for that amount until the time for payment expired. Under the bill they not only get $85,000 on

$100,000 orders, but they get the $100,000 as soon as they present the note to the corporation.

Motion agreed to and bill read third time and passed.

INCOME TAX BILL

COMMITTEE AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill C-48, to amend the Income Tax Act.

Hon. Salter A. Hayden: Honourable senators, I move that these amendments be concurred in.

The first amendment is to section 18 of the bill, in which appears the expression "charterparty fees or remunerations". The majority in committee felt that "remunerations" was not sufficiently clarified, and that the expression should read "charterparty fees or charterparty remunerations", so as to make it absolutely clear, since that was the intention of the legislation.

The second amendment is to strike out clause 19 of the bill, which provides for doing away with foreign business corporations in the future. Honourable senators will recall that on second reading of the bill in this house there was quite a lengthy debate on the question of foreign business corporations. The vote in committee in favour of striking out the section was a very substantial one.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion for concurrence in the amendments?

Hon. Mr. Aseltine: On division.

Motion agreed to, on division.

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

Hon. Mr. Brunt: Next sitting.

NATIONAL ENERGY BOARD BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Thorvaldson for the second reading of Bill C-49, to provide for the establishment of a National Energy Board.

Hon. William M. Wall: Honourable senators, my observations will be mainly directed to focussing attention upon a few additional but I believe pertinent general aspects of Bill C-49.

No one can quarrel with the generalized verbalization that the purpose of this legislation is to assure to the Canadian people the most effective use of our energy resources, a truism which we sincerely hope is descriptive of every piece of legislation to whatever sector of our socio-economic and political sector it may have specific reference. All legislation attempts to safeguard the public interest and to deny injustice by regularizing and stabilizing or extending governmental assistance, control, regulation and supervision.

In this sense Bill C-49 is a significant, developmental step in the unfolding drama of governmental intervention to safeguard the more equitable distribution of benefits which are to flow from the accelerated utilization of energy resources, which resources are the heritage of all Canadians. Those who are concerned with the location, production, transmission and distribution of these energy resources must have a fair share of these benefits; so must those who finally make use of this usable energy and pay for it; and so must Canadians as a whole.

In the context of these general purposes which we hope will be achieved by this legislation, I welcome the introduction of this very important piece of legislation, and my observations should be construed as an honest attempt to seek further clarification of its intent and of its probable consequences in actual practice.

In moving the second reading of the National Energy Board bill, the sponsor paid a well-deserved tribute to the first report of the Borden Commission and indicated that some of the recommendations had been incorporated into the legislation under consideration.

I believe that it is proper that some mention be made of the work of the outstanding and responsible Canadians who had been connected with another and earlier royal commission which had been charged with the responsibility for an impartial study of Canada's economic prospects during the coming quarter century.

This reference should be made in order to keep in proper and fair historical perspective the motivating public forces which were instrumental in giving additional validity to the general proposition that the national and public interest appeared to demand the extension of governmental control in the field of energy development and utilization.

May I refer to the findings of a comprehensive study prepared for the Gordon Commission under the direction of Mr. John Davis. This particular study called, "Canadian Energy Prospects", is especially interesting because it attempted to treat comprehensively all forms of energy and attempted to assess the interrelations among

the various energy industries. I believe that this was the first such major study effort in Canada.

Basing itself upon this study the Gordon Commission made significant and highly pertinent analytical observations concerning the broad developmental patterns in our various energy industries to date. It attempted to furnish an interrelated forecast of probable future developments and discussed the problem areas becoming increasingly apparent and demanding not only further study and organized research, but additional governmental intervention in the form of regulation and control.

Among these problem areas was the taxation of the oil and gas industry which is discussed in Appendix H of the Gordon Commission report.

Then the Gordon Commission sequentially recommended the establishment of a national energy authority. I refer you to page 146 of the final report, which reads:

> In order that a sound and comprehensive policy may be worked out with regard to development, exports, imports and consumption of all forms of energy in Canada, we propose that a national energy authority be established which would be responsible for—

Then the report goes on to indicate two functions that this national authority should have:

> (a) Advising the federal Government and, upon request, any provincial Government on all matters connected with the long-term requirements for energy in its various forms and in different parts of Canada; methods of promoting the best uses of energy sources from a long-term point of view; export policy, including such questions as the further refining of oil and gas in Canada and the disposal of by-products; coal subsidies, etc.

That was to be the advisory function.

The second function of this national energy authority as recommended by the Gordon Commission was:

> (b) Approving, or recommending for approval, all contracts or proposals respecting the export of oil, gas and electric power by pipe line or transmission wire—

And so on.

Significantly as part of this recommendation there was a recommendation that the organization of the Dominion Coal Board should be merged with that of the proposed national energy authority.

While I am on the topic of the Gordon Commission I think it is fair to point out that there were other observations and recommendations in this energy chapter of the Gordon Commission.

One dealt with the export of electric power. Actually, the report suggested that we should look very carefully at the advisabilty and desirability of providing for the export of electric power. The report said it was almost heresy to mention it at that time. It goes on to discuss the merits—and this is rather significant in the light of what was said today—in permitting some part of the power from new and very expensive projects to be exported at economic rates for stated periods of years under export arrangements foreseeing the replacement or repatriation of this power by the importing country by power generated from conventional fuels or from nuclear fission. I refer honourable senators to pages 142 and 143 of the Gordon Commission Report.

Then there was a fairly interesting discussion of anomalies in the export gas price, and the commission stressed the need for a national energy authority as a counterweight to the bargaining advantage held by the American companies wanting to purchase our gas, because in the United States a pivotal role in setting prices was played by the United States Federal Power Commission.

Thirdly—and I would underscore this point too—on the generally accepted premise that industry and energy are inseparable, the Gordon Commission justified and recommended special assistance to the Maritime provinces from the federal Government to help these Atlantic provinces obtain assured energy resources at low cost, because in the long term it appeared that there seemed to be little hope that the energy resources could be developed in these regions at what we might term a continental or Canadian price average.

Now to return to Bill C-49 itself. I believe that I am correct in saying that this legislation has a dual function.

Frst, it not only tidies up or co-ordinates functions previously performed by the Board of Transport Commissioners and by the Minister of Trade and Commerce, but it also extends governmental control and supervisory regulation over gas, oil and electric power.

Parliament is formulating or agreeing to statutory criteria or ground rules which are to govern this extension of public control; and within this framework, Parliament is, as it were, balancing off this additional control between the new National Energy Board and the Governor in Council, with the latter in a residual or controlling position. Actually, Bill C-49 gives to the cabinet wide discretionary powers to regulate oil and gas pipe lines and international power lines, some of which have been tempered by amendments in the other place.

In considering this extension of public control function, the average Canadian who is in agreement with the basic proposition that an extension of control regulation is desirable might ask the following questions:

Has Parliament provided adequately extensive and specific governing criteria, and do these statutory criteria provide sufficient clarification of national policy intent? Are we still leaving too much discretionary authority in the hands of the executive? In this respect I refer specifically to section 87. I personally would prefer to have Part VI of the bill, dealing with exports and imports of oil, left to the final discussion and adjudication of Parliament itself. In fact, many of the arguments we have heard today are perhaps equally applicable to section 87.

The second main function of Bill C-49 concerns the advisory functions of the National Energy Board, which are spelled out in Part II.

I listened with great interest to the remarks of the honourable senator from Toronto (Hon Mr. Hayden), and I recognize the validity of his contention that further clarification is needed of the intent of section 22(1), perhaps in the form of a delimitation of the energy fields in which the board can on its own authority initiate and continue the study and review of the many problem areas connected with energy and sources of energy within and outside Canada. Hence, his concern about the definition of the terms "energy" and "sources of energy".

This potential problem area perturbs me also, but in a slightly different context, perhaps because I have interpreted differently the basic intent of Part II, as I shall presently explain.

My interpretation, which may be faulty, and on which I may be corrected by the sponsor, leads me to a consideration of rather different problem areas in the board's performance of its advisory functions.

As I see it, Bill C-49 makes significant improvements in our jurisdictional machinery in this whole energy field, by providing for the co-ordination of our research and study activities, upon which is to be based the advice respecting the further clarification of a national energy policy.

If I am correct in this assessment of intent respecting the second main function of the bill, then one may express the hope that this developmental step may some day lead to a more comprehensive approach to the integration and co-ordination of the study and of the control and regulation which is now to be carried out by existing agencies or departments, to which we are now adding one more. Please note that we are naming this new authority the "National Energy Board". To this national energy authority is ostensibly being given the responsibility for the co-ordination, the integration, and the partial unification of one aspect of national energy utilization, that is, the aspect of study, and review and advice.

And even here I am not clear about the extent of this co-ordination and integration, for it appears to me that there has been no clarification of policy even in this aspect. Is it intended that the National Energy Board is to have a primary or managerial status in the function of study, review and advice? For the fact remains that we shall now have several agencies or departments evidently charged with research or study functions in the separate but overlapping energy fields. I am thinking of the Dominion Coal Board, the Atomic Energy Control Board, the International Joint Commission, the Water Resources Branch of the Department of Northern Affairs, and the National Research Council.

I appreciate the import of the minister's statement, which claimed that it was considered not profitable to disturb or disrupt the efficient functioning of existing agencies in these closely-related fields. Yet, the interrelationships between and among these industries and these agencies are going to be very complex and very close. It seems only fair to ask how these interrelationships are going to be adjudicated and directed so that there will be overall co-ordination and integration, which evidently is the intent of section 22(1) of the bill. Is this to be done through the personnel or infrastructure of the board, or will some inter-agency or intergovernmental co-ordination group be set up? And is the new board, for example, going to be given the responsibility for liaison work in the international field, say, in conferring and negotiating with the Federal Power Commission of the United States?

To summarize, I believe that Canadians generally will welcome this legislation because they accept the validity and the necessity of the purpose which has prompted its introduction in Parliament. I believe, too, that Canadians will adopt an expectant attitude regarding some aspects of our national energy policy which have been inadequately defined or discussed during the debate on this bill.

I would like to pose this in the form of questions:

1. Are we going to put more of our energy to work at home? The Borden Commission underlined the advisability of encouraging the development in Canada of the processing industries relating to energy and sources of energy, and especially the working out of effective arrangements with respect to disposal of by-products and the elimination of waste.

2. Are we going to strengthen and extend Canadian ownership participation in the further development of our energy resource industries?

3. Will our tolls and tariffs be worked out on a cost-of-service basis, with their fairness and reasonableness organically related to the amount of equity invested, and to the degree of real risk involved? I suspect Canadians are wondering why the equity relationship principle in our toll structure was originally recommended by the Borden Commission, and how it will now be taken into account. Will rate-making be after public hearings? How will tolls presently being charged fit in? What about tolls on non-hydrocarbons?

4. Since our neighbour to the south is developing "deficiency" areas and we are becoming a "have" nation in terms of oil, gas and electric power, what is to be our national policy for the protection of the public interest in interregional and especially international movements of energy by producers and distributors whose operations are being increasingly intertwined and interrelated?

5. What is to be our national policy in helping to solve the problems of marketing western Canada's crude oil and gas, perhaps in the energy-deficient regions of central Canada with the proper safeguarding of the interests of the consumers and of our independent western producers?

My questions imply that I would have welcomed further clarification of the operative tenets which are to formulate the pattern of administration, if I may borrow this phrase, of what we all hope will be an integrated and comprehensive national energy policy, adequately protecting the public interest and making more secure and definite the statutory and administrative framework within which the energy industries concerned, together with those who will be responsible for financing these undertakings, will be able to operate effectively and equitably. Canadians hope that in actual practice the flexibility in the legislation will prove to be a source of real strength in the hammering-out of a national energy policy, the primary concern of which will be the protection of the public interest.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Thorvaldson, bill referred to Standing Committee on Natural Resources.

PRISONS AND REFORMATORIES BILL

SECOND READING

Hon. Léon Méthot moved the second reading of Bill S-26, to amend the Prisons and Reformatories Act.

He said: Honourable senators, as is mentioned in the title of this bill, its purpose is to amend the Prisons and Reformatories Act, Chapter 217 of the Revised Statutes of Canada.

This act is divided into 10 parts. Part I, which is headed "General", applies to all of Canada. Part II applies to Ontario, Part III to Quebec, Parts IV and IX to Nova Scotia, Parts V and IX to New Brunswick; Parts VI and IX to Prince Edward Island, Part VII to Manitoba, Part VIII to British Columbia, and Part X to Alberta.

I am told there is no part which refers to Newfoundland, because there is a special statute applicable to that province. I was also surprised to note that there was no provision with respect to Saskatchewan.

Hon. Mr. Hayden: I might suggest that nobody goes to jail in Newfoundland.

Hon. Mr. Méthot: Perhaps Saskatchewan has so many good people like the honourable Leader and the Honourable Senator Pearson it does not need any reform institutions. But that is not the question.

Sections 1, 2 and 3 of the bill apply to the provinces of New Brunswick and Nova Scotia, and Section 4 applies to the province of Manitoba.

In regard to sections 1, 2 and 3, may I say that the Prisons and Reformatories Act implements an arrangement made by the Government of New Brunswick with the Good Shepherd Reformatory at Saint John by providing that Roman Catholic females convicted in New Brunswick of an offence punishable by imprisonment for a maximum term of less than two years may be sentenced to imprisonment in the said reformatory institution, instead of the common jail or other prison.

The Attorney General of New Brunswick has reported to the Minister of Justice that the Mother Superior of the reformatory, for financial reasons, has given notice in accordance with the statute that no further prisoners will be received, and has closed the institution, with the result that there is now no reform school for Roman Catholic females in that province.

The Attorney General further reports that he has made arrangements with the Mother Superior of the Provincial Convent of the Good Shepherd at Halifax to receive such

female prisoners in that institution, and requests that the act be amended to give effect to the arrangement.

The Attorney General of Nova Scotia has informed the Government that he has no objection to the act being amended accordingly.

It is desirable that provision be made for the sentencing of certain Roman Catholic females in New Brunswick to an appropriate reform institution with a view to their more effective rehabilitation.

Therefore, the present bill was introduced to amend the Prisons and Reformatories Act by repealing the present provision that Roman Catholic women and girls who are convicted in the province of New Brunswick may be sentenced to imprisonment in the Good Shepherd Reformatory at Saint John, and substituting therefor a provision under which, in similar circumstances, the said females may be sentenced to imprisonment at the Provincial Convent of the Good Shepherd at Halifax.

Part 5 of the act refers to New Brunswick, and if we look at section 109 we see that it refers to the Good Shepherd Reformatory of Saint John. So, this section is amended by deleting the words "Saint John" and substituting the word "Halifax", and deleting the words "New Brunswick" and substituting therefor the words "Nova Scotia".

Section 2 of the bill repeals the heading of section 121 of the act and substitutes the heading "Good Shepherd Reformatory, Halifax". And the words "Saint John" are replaced by the word "Halifax" and the words "said province" are replaced by "province of Nova Scotia".

Section 3 of the bill provides for similar amendments to section 122 of the act.

In regard to section 4, I may say that the Attorney General of Manitoba has requested an amendment to the said act to enable the Attorney General or the Deputy Attorney General to authorize the transfer of prisoners undergoing sentence for indictable offences from one provincial jail to another. At present an order in council is required under section 3 of the said act in each case.

The act provides in section 153 for transfer of prisoners between certain institutions in Alberta, by warrant of the Attorney General or his deputy, under the authority of the Lieutenant Governer.

In British Columbia, this transfer is done by warrant of the warden or certain other officers under section 173 of the act.

Under section 52 of the Penitentiary Act, prisoners may be transferred from one penitentiary to another by warrant of the Commissioner of Penitentiaries. Therefore, the Government feels it should be possible to do in Manitoba what is actually done in Alberta and British Columbia, and we suggest an amendment to this effect. This is the only amendment in section 4 of the bill.

Honourable senators, I hope that with this explanation the bill can be given second reading, after which it is my intention to refer it to a committee.

Hon. W. Ross Macdonald: Honourable senators, with the full explanation we have just had of this bill, the only conclusion I can come to is that this legislation is necessary in relation to one province, and that generally it will assist in the rehabilitation of these unfortunate women. I can see no objection to the bill; as a matter of fact, I think it is good legislation. I rather think there is some urgency about it. I understand it has not yet been introduced in the House of Commons.

Hon. Mr. Aseltine: That is right.

Hon. Mr. Macdonald: It seems to me, therefore that honourable senators might agree to give the bill second reading now and not bother sending it to committee.

Hon. Mr. Burchill: Hear, hear.

Hon. Mr. Macdonald: I would certainly agree to the bill being given second reading tonight, with the thought that third reading be given as soon as possible so that the bill can be sent to the House of Commons.

Hon. Mr. Taylor (Westmorland): Might I ask the sponsor of the bill if there is any reason for sending female persons convicted in New Brunswick to the reformatory at Halifax instead of Saint John?

Hon. Mr. Méthot: The reason is that the reformatory in Saint John, New Brunswick, has actually been closed.

Hon. Mr. Macdonald: It is a necessity.

Motion agreed to, and bill read second time.

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

Hon. Mr. Méthot: With leave of the Senate, next sitting.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(*See p. 837*)

SUMMARY OF ELECTRICITY EXPORTATION FOR THE YEAR ENDED MARCH 31, 1956

Name of company	Kilowatt hours exported	Tax revenue paid
		$
Hydro-Electric Power Commission of Ontario (firm)	384,138,000	115,241.40
Hydro-Electric Power Commission of Ontario (surplus)	2,633,286,400	789,985.92
Cedars Rapids Transmission Company Limited	631,735,076	189,523.52
Canadian Niagara Power Company Limited (firm)	271,485,374	81,445.60
Canadian Niagara Power Company Limited (surplus)	35,255,400	10,576.62
Ontario-Minnesota Pulp and Paper Company Limited	41,814,800	12,544.44
Maine and New Brunswick Elec. Power Co. Ltd. (firm)	15,146,683	4,544.01
Maine and New Brunswick Elec. Power Co. Ltd. (surplus)	3,795,685	1,138.70
B.C. Electric Railway Company Limited	853,525	256.09
B.C. Electric Company Limited (surplus)	89,536,537	26,860.96
Textile Sales Limited	100	0.03
West Kootenay Power and Light Company Ltd	12,862	3.85
Southern Canada Power Company Limited (firm)	4,307,750	1,292.34
Southern Canada Power Company Limited (surplus)	38,604,848	11,581.48
Northern B.C. Power Company Limited	21,203	6.34
Fraser Companies Limited (hydro-generated)	262,000	78.60
Fraser Companies Limited (steam-generated)	72,000	21.60
Detroit and Windsor Subway Company	372,800	111.84
Manitoba Power Commission	6,748	2.02
New Brunswick Electric Power Commission	28,515	8.56
TOTALS	4,150,746,306	1,245,223.92

SUMMARY OF ELECTRICITY EXPORTATION FOR THE YEAR ENDED MARCH 31, 1957

Name of company	Kilowatt hours exported	Tax revenue paid
		$
Hydro-Electric Power Commission of Ontario (firm)	393,169,000	117,950.70
Hydro-Electric Power Commission of Ontario (surplus)	3,897,060,305	1,169,118.09
Cedars Rapids Transmission Company Limited	614,390,898	184,317.27
Canadian Niagara Power Company Limited (firm)	295,906,556	88,771.95
Canadian Niagara Power Company Limited (surplus)	52,327,600	15,698.28
Ontario-Minnesota Pulp and Paper Company Limited	42,961,700	12,888.51
Maine and New Brunswick Elec. Power Co. Ltd. (firm)	20,521,778	6,156.53
Maine and New Brunswick Elec. Power Co. Ltd. (surplus)	4,118,731	1,235.61
B.C. Electric Railway Company Limited (firm)	945,175	283.56
B.C. Electric Company Limited (surplus)	17,373,376	5,212.01
Textile Sales Limited	1,100	0.33
West Kootenay Power and Light Company Ltd	14,670	4.40
Southern Canada Power Company Limited (firm)	4,918,680	1,475.60
Southern Canada Power Company Limited (surplus)	42,924,564	12,877.38
Northern B.C. Power Company Limited	21,356	6.42
Fraser Companies Limited (hydro-generated)	178,000	53.40
Fraser Companies Limited (steam-generated)	831,400	249.42
Detroit and Windsor Subway Company	428,300	128.49
Manitoba Power Commission	10,380	3.11
New Brunswick Electric Power Commission	32,052	9.60
TOTALS	5,388,135,621	1,616,440.66

SUMMARY OF ELECTRICITY EXPORTATION FOR THE YEAR ENDED MARCH 31, 1958

Name of company	Kilowatt hours exported	Tax revenue paid
		$
Hydro-Electric Power Commission of Ontario (firm)	394,200,000	118,260.00
Hydro-Electric Power Commission of Ontario (surplus)	3,416,861,600	1,025,058.48
Cedars Rapids Transmission Company Limited	479,099,451	143,729.82
Canadian Niagara Power Company Limited (firm)	306,084,193	91,825.27
Canadian Niagara Power Company Limited (surplus)	48,918,000	14,675.40
Ontario-Minnesota Pulp and Paper Company Limited	40,025,900	12,007.77
Maine and New Brunswick Elec. Power Co. Ltd. (firm)	32,050,471	9,615.14
Maine and New Brunswick Elec. Power Co. Ltd. (surplus)	12,182,354	3,654.71
B. C. Electric Railway Company Ltd. (firm)	1,111,775	333.55
B. C. Electric Company Limited (surplus)	11,489,489	3,446.85
West Kootenay Power and Light Company Limited	12,818	3.83
Textile Sales Limited	—	—
Southern Canada Power Company Limited (firm)	5,013,480	1,504.04
Southern Canada Power Company Limited (surplus)	38,176,938	11,453.08
Northern B. C. Power Company Limited	18,070	5.42
Fraser Companies Limited (hydro-generated)	1,246,000	373.80
Fraser Companies Limited (steam generated)	10,586,000	3,175.80
Detroit and Windsor Subway Company	441,500	132.45
Manitoba Power Commission	23,835	7.16
New Brunswick Electric Power Commission	12,308,537	3,692.55
TOTALS	4,809,850,411	1,442,955 12

SUMMARY OF ELECTRICITY EXPORTATION FOR THE YEAR ENDED MARCH 31, 1959

Name of company	Kilowatt hours exported	Tax revenue paid
		$
Hydro-Electric Power Commission of Ontario (firm)	394,200,000	118,260.00
Hydro-Electric Power Commission of Ontario (surplus)	2,429,725,220	728,917.57
Cedars Rapids Transmission Company Limited	472,275,824	141,682.73
Canadian Niagara Power Company Limited (firm)	287,150,094	86,145.04
Canadian Niagara Power Company Limited (surplus)	51,449,440	15,434.83
Ontario-Minnesota Pulp and Paper Company Limited	37,970,400	11,391.12
Maine and New Brunswick Elec. Power Co. Ltd. (firm)	38,406,045	11,521.80
Maine and New Brunswick Elec. Power Co. Ltd. (surplus)	17,697,689	5,309.33
B. C. Electric Railway Company Limited (firm)	1,349,100	404.73
B. C. Electric Company Limited (surplus)	11,300,301	3,390.09
West Kootenay Power and Light Company Limited	14,650	4.40
Southern Canada Power Company Limited (firm)	4,652,080	1,395.63
Southern Canada Power Company Limited (surplus)	31,896,672	9,568.99
Northern B. C. Power Company Limited	17,165	5.15
Fraser Companies Limited (hydro-generated—firm)	587,000	176.10
Fraser Companies Limited (hydro-generated—surplus)	26,120,000	7,836.00
Fraser Companies Limited (steam-generated—surplus)	26,187,000	7,856.10
Detroit and Windsor Subway Company	413,300	123.99
Manitoba Power Commission	31,250	9.39
New Brunswick Electric Power Commission	34,381,055	10,314.32
British Columbia Power Commission	—	—
TOTALS	3,865,824,285	1,159,747.31

THE SENATE

Thursday, June 18, 1959

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

Prayers.

JUDGES BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen, for Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill C-56.

The report was read by the Clerk Assistant:

The Standing Committee on Banking and Commerce, to whom was referred the bill (C-56) intituled: "An Act to amend the Judges Act", have in obedience to the order of reference of June 16, 1959, examined the said bill, and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. Brunt: With leave, I move the third reading now.

Motion agreed to and bill read third time and passed.

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, with leave, I move that when the Senate adjourns today it stand adjourned until Tuesday next, at 8 o'clock in the evening.

Hon. Mr. Reid: Why 8 o'clock?

The Hon. the Speaker: Any objections?

Motion agreed to.

CHATEAU LAURIER HOTEL PARKING LOT

DISCUSSION ON ANSWER TO INQUIRY

Hon. R. B. Horner: Honourable senators, before the Orders of the Day are called, may I refer to the answer given by the Government to my inquiry on the hotel parking lot at the Chateau Laurier?

I am not at all satisfied with the answer, that the parking area is operated as a concession by City Parking Limited, that tenders were called and the concession was awarded on the basis of the highest return to the Canadian National Railways. I want to know something about the cost of operating the parking lot.

Certainly, we have come to a fine impasse if the great Chateau Laurier hotel in the capital city of Canada is placed in a position where it must disregard the parking needs of patrons who use its rooms and other services, and sell parking space to other than patrons of the hotel. We will no doubt soon be hearing about the deficit on other operations of the railway. I have long been interested in having this space on the west side of the hotel put to the best possible use; indeed, some fifteen years ago I suggested that this useless area should be used to facilitate access to the hotel by motorists. But now that the area has been improved it is given away as a concession to other than patrons of the hotel.

Surely we are entitled to some more information on this question. I would like to know what revenue the lot is yielding, and if the hotel has handed over full control without reserving to itself the right to accommodate its customers.

Hon. A. K. Hugessen: May I suggest to my honourable friend that the information he seeks might be quite readily obtained when the Canadian National Railways Financing and Guarantee Bill comes before us in committee and officials of the railway are present.

Hon. Mr. Aseltine: I expect to be introducing that bill when it comes to the Senate, and we will make it a point to have a full inquiry at that time. No doubt the president and other officials of the railway will appear before the committee, and I see no reason why they should object to giving us full details.

Hon. W. Ross Macdonald: They had better have the answers.

Hon. Mr. Horner: Yes, they had better bring the material with them.

SEEDS BILL

THIRD READING

Hon. W. M. Aseltine moved the third reading of Bill S-24, respecting the testing, inspection and sale of seeds.

Motion agreed to and bill read third time and passed.

FREIGHT RATES REDUCTION BILL

THIRD READING

Hon. John Hnatyshyn moved the third reading of Bill C-38, to make provision for the reduction of certain class and commodity rates on freight traffic.

Hon. Gordon B. Isnor: Honourable senators, while I have no objection to the passing of this bill I feel, coming as I do from the

Maritimes, that I should put a few comments on record. First of all, the title of the bill is misleading. It is entitled "An Act to make provision for the reduction of certain class and commodity rates on freight traffic". It is true that $20 million is being assigned to the railways for the purpose of offsetting a revision of certain freight rates, and there is a general feeling in the Atlantic provinces that this will assist to reduce freight rates in the Atlantic provinces and the far west. But what do we find? The $20 million is divided as follows: The western region is to receive $11,340,000. The central region of Ontario and Quebec, which is not affected to any great extent because it has competitive rates will receive $5,300,000. The four Atlantic provinces will receive $3,360,000. So I feel this bill is not going to achieve what the people in the Atlantic provinces think it will. I wanted to put this thought on record, for it was the original intention of the royal commissions investigating transportation that measures of this kind would assist reducing freight charges on the long haul to and from the central markets. This bill will certainly not do that to any great extent.

The principle of the bill really goes back to the days of Confederation when the Maritimes were promised access to the central markets. Now, the four Atlantic provinces have a total population of only 1,763,692, compared to 10,033,311 in Quebec and Ontario and 4,283,788 in Manitoba, Saskatchewan, Alberta, British Columbia and the Yukon, and this legislation certainly will not help to promote trade between east and west.

I hope there will be an opportunity in the future to improve the situation with respect to the Atlantic provinces. It will be noted that the bill provides that the revised rates shall not be applicable for a period exceeding one year.

Honourable senators, I hope those who were responsible for introducing this bill will give greater consideration to the needs of the Atlantic provinces, and that a higher percentage than 16.8 per cent of the total amount of $20 million will go toward assisting these provinces.

Motion agreed to and bill read third time and passed.

EXCISE TAX BILL

ORDER FOR THIRD READING STANDS

On the order for the third reading of Bill C-47, to amend the Excise Tax Act:

Hon. Mr. Macdonald: Honourable senators, may I ask the Leader of the Government (Hon. Mr. Aseltine) if he will allow third reading of this bill to stand until the next sitting? My reason for requesting this is that I wish to make a few remarks about a certain section of the bill relating to the tobacco tax. I would rather not do so now because there is more pressing legislation to come before the house today. The tax increases as specified in the bill are already in effect, so the treasury will not suffer if third reading of the bill is held over until the next sitting.

Hon. Mr. Aseltine: That will be quite all right. I do not expect there will be a royal assent for a few days, and probably we shall have given third reading to this bill before then.

Order stands.

INCOME TAX BILL

THIRD READING

Hon. Gunnar S. Thorvaldson moved the third reading of Bill C-48, to amend the Income Tax Act, as amended.

Motion agreed to and bill, as amended, read third time and passed.

PRISONS AND REFORMATORIES BILL

THIRD READING

Hon. Mr. Méthot moved the third reading of Bill S-26, to amend the Prisons and Reformatories Act.

Motion agreed to and bill read third time and passed.

FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

The Senate resumed from Thursday, June 11, the adjourned debate on the motion of Hon. Mr. Brunt for the second reading of Bill C-41, to amend the Federal-Provincial Tax-Sharing Arrangements Act.

Hon. Harold Connolly (Halifax North): Honourable senators, after the thrusts and counter-thrusts of yesterday, featuring I think the most brilliant impromptu debate to which I have ever listened, I find myself today in a very happy position, happy because if there were innuendoes extended or intimated in yesterday's debate there will be none today, and certainly there will be no necessity for a devasting counter-attack at some future date.

I find myself not only in a comfortable position but in the traditional position that is usually ascribed to members of my race, because I am "agin" everything, and that being so I do not expect any retaliation because, if I strike a chord which is not in harmony with the thinking of the vast

majority here, I am sure that the courtesy of the members of this chamber will overcome any tendency to put me in my place.

I am to speak, as you know, on the bill already referred to by the Clerk Assistant and so well described in the explanatory notes as follows:

> The effect of the proposed amendment will be to extend for a further year the rate of 13 per cent for standard individual income tax for the purpose of calculating the tax equalization payments to the provinces and the amounts payable to the provinces under the tax rental agreements.

Honourable senators, some of the comments that I shall make will of necessity be critical, but I would like to make it clear at the very outset that I do not speak in this debate as a follower of the Liberal party. I say that because some of the criticisms that I shall make will apply with just as much force and effect to the former administration as to the present one. I speak, rather, as one who has a high regard for the provincial autonomy granted the provinces of Canada by the Constitution of this country, and I may therefore perhaps be roughly described in what I have to say today as an apostle of provincial rights.

I believe that nothing contributes more to the debilitation of public morale than the non-fulfilment of promises made at one time or another by prominent governmental figures. It weakens respect for government, it develops a devastating public cynicism and so does inestimable harm to our system of Government.

Permit me to refer to three pledges, or perhaps pious hopes would be a better term, all of which have gone down the drain. All have a direct and particular application to this bill before us and each has brought about a marked change in our system of government and in our natural economy.

To refresh our memories, let us take a brief walk down memory lane, though perhaps I should describe that avenue better from the provincial standpoint as the boulevard of broken dreams.

I would like to take you back to 1917, when the then Minister of Finance introduced the first Income Tax Act. He said he did it reluctantly and only because of the war emergency. I think that on an occasion prior to today the honourable Leader of the Opposition (Hon. Mr. Macdonald) made some references to this act, but from the angle of comic relief it might be opportune to review it today, and I shall do so very briefly.

The income tax on corporations in that year, 1917, was 4 per cent on all corporations with income exceeding $3,000.

And let us gaze at the personal income tax. To those fortunate individuals whose income did not exceed $3,000, no tax whatever was applied. They were completely exempt. Those in the $5,000 bracket, which was a rather handsome income for that day, paid in taxes to the federal Government the enormous sum of $80.

The still more fortunate ones who earned $7,000—I notice a rather surprised look on the faces of one or two of my colleagues opposite.

Hon. Mr. Brunt: On the faces of some senators on your side also.

Hon. Mr. Connolly (Halifax North): Persons in the fortunate position of earning $7,000 paid an income tax of $180 to the federal Government. Those in the $10,000 class paid $360. And the plutocrats with an income of $25,000 paid the magnificent sum of $1,860 per year.

Well, despite what the Finance Minister of that time said, income tax has not been abolished. On the contrary, it has become greater and greater with every succeeding year, until it has now reached the point of near strangulation.

Then, in 1941, another Canadian Finance Minister introduced another change in governmental policy. He established another precedent and in writing to all the Provincial Treasurers he was most careful to set out the situation as he saw it with the utmost clarity. In his letter there was one critical, important passage, which I will read:

> It is proposed, therefore, as a temporary expedient, for the duration of the war only, to ask the provinces to vacate these two fields (corporation and income taxes). I would like to emphasize that this is not an attempt to get the provinces out of the tax fields permanently.

Well, the provinces are still in limbo. There is no indication when, if ever, they are going to be released from bondage, and certainly there is nothing on the horizon to lead one to expect that the day of their release will come soon. As a matter of fact, the whole character of the partnership of the Canadian provinces has changed as a result of that precedent, and a federal Frankenstein—no matter how benevolent it may appear to be, and, in some cases, is—rules the roost.

It is a far cry from the hope and desires of the Fathers of Confederation. If there is a moral to be gleaned from the experience, it is that nothing is so apt to be permanent as a temporary tax. That, at least, has been our experience.

So we pass to the third episode.

Prior to 1957, although agreeing, for reasons of acute necessity, to vacate those

fields to which I have referred, in favour of the federal Government, the provinces were unhappy over the distribution of tax moneys —I hope I am not frightening some of my colleagues with these direful figures—and made no secret of their unhappiness. Then came an election period. During that period the right honourable gentleman who is now Prime Minister of Canada made certain positive statements which raised the hopes of people in all provinces. Permit me to recall several of them to you. In his opening campaign speech in Massey Hall, Toronto, on April 25, 1957, the present Prime Minister said:

> We believe there can be no national unity in this nation until there is a realization that the federal-provincial matters have handcuffed the provinces of this nation; have denied the municipalities adequate sources of revenue; have placed the provinces and the municipalities in a position where they cannot discharge their constitutional responsibilities or permit the necessary development in their own territorial confines of the natural resources that there are. We believe the provinces and municipalities must have the financial resources to carry out those responsibilties. We believe in the federal system of Government. We believe that its preservation is essential to Canadian unity. We believe the federal system is today being challenged by the centralization complex of the St. Laurent Government and that a healthy division and balance of revenues as between the federal and provincial Governments must be assured.
>
> We intend to form a Government to immediately convene a dominion-provincial conference to bring about a settlement of these problems, not in the spirit of arrogant domination as displayed by the present Government, but in the spirit of unity and amity and with mutual tolerance and respect.

Honourable senators, those were words of wisdom that made a stirring impression upon the people of this land. And of particular appeal was the honourable gentleman's announced aversion to centralization.

In another speech in the same campaign, made by way of a television broadcast on April 30, 1957, the right honourable gentleman said this:

> In general, may I say this—that we will reverse the whole trend of centralization of authority in Ottawa. We'll restore the rights of Parliament, and the provinces, and the people of Canada. We will take whatever steps may be necessary to restore the supremacy of Parliament over the Government, so that never again will scenes take place as they did in the House of Commons a year ago on Black Friday.

Those words too were listened to with acclaim, not only by those who followed his party fortunes, but by Canadians generally who were not happy with the existing state of affairs.

I shall give you one more quotation from the same source. In a radio speech on May 23, 1957, the right honourable gentleman had this to say:

> We will put an end to excessive over-taxation. We will call a session of Parliament in September to reduce taxes, and at that session, with five hundred million dollars over-taxation last year we will be able to increase the old age and other pensions to fair and reasonable amounts.

Now, I say this to honourable senators, and if it be heresy I stand indicted, that no one could find fault with any of those statements. Yet, peculiarly enough, on reflection we have cause to wonder.

I believe that the Minister of Finance in 1917 meant what he said when he declared that income tax was to be only a temporary expedient. I think the Minister of Finance of 1941 was equally forthright when he told the provinces that the tax fields would be returned to them at the close of the war. And I believe that the right honourable gentleman who is now Prime Minister of Canada meant exactly what he said, and that he intended to do what he said he would do, if and when he took over the reins of office.

Yet, income tax is still with us. The federal Government has not returned the tax fields to the provinces. And the present administration, whose leader started out with such high hopes, has not put an end to excessive over-taxation, and has not reversed the trend of excessive centralization in the capital city of this country.

Now where, I ask you, does this leave us? It leaves us, I suggest, with a cynical populace, a group of disgruntled provinces, an impaired faith in the utterances of public men, and this bill which we are now debating.

It had been hoped that this administration would do what the former Government failed to do. But that hope has not been realized. A dominion-provincial conference was called. It lasted two days. Then the heads of the provincial Governments were sent home to await the decision of their financial masters. In justice to the present administration, it must be said that it has been more generous to the provinces than was the preceding administration. It has been especially so in respect to the Maritimes. But, honourable senators, the principle has remained unchanged. The provinces are still without their right to tax in those fields, and are still in the same position they had been in for years under another administration, namely, that they receive as many dollars as Ottawa chooses to give them, and no more.

No province is happy in this situation. The wealthier provinces are perhaps better able to stand it, but the less well-off provinces, although they are receiving more money, are in sorry condition.

Let me recall to you, as I did on a previous occasion, and very briefly, the financial picture in my own province. I have before me the condensed statement of revenue and expenditures for Nova Scotia for the year

ending March 31, 1958. The total revenues are, in round figures, $66,750,000. There are three principal items in that total, and the largest is $28,764,000, in round figures, which went to Nova Scotia from the federal treasury. That constitutes, as simple arithmetic will show, approximately 43 per cent of the total revenues of the province.

I use that figure not to reflect upon the largesse of the Federal Government, but to point up the position in which a province finds itself when almost half its revenue comes by way of a handout from another Government. And what applies to Nova Scotia applies to all the other less well-off provinces in the same way, proportionately. I do not think I exaggerate when I say that Newfoundland is unhappy, as all the world knows and as the honourable senator from St. John's West (Hon. Mr. Pratt) pointed out so effectively a few days ago. Nova Scotia is not too well pleased. New Brunswick's Premier, as quoted by the financial editor of the Montreal *Gazette,* refers to the "castor oil treatment by Ottawa". I will allow you to put your own interpretation on that.

Hon. Mr. Brunt: Some people like castor oil.

Hon. Mr. Connolly (Halifax North): Quebec is violently unhappy, and I am not too sure that Ontario is too well pleased. The Premier of that province has referred frequently, although not in the last election campaign, to the extra millions of dollars his province should be receiving yearly from the federal Government. And so it goes, all the way across the country.

Ever since 1941, sated with power because of their monetary control, successive federal Governments have, it seems to me, become imbued with the idea that they can do no wrong, or very little wrong. One would almost think that they had never heard of the Magna Carta. As a matter of fact, when turning my mind back to some of the continued episodes I commence to question the knowledge imparted to me by my early teachers, and to wonder whether the provinces created the federation or the federation created the provinces. Being troubled in my mind I undertook a little research, and I discovered that my early teaching and my subsequent belief were correct, that the federation was created by the provinces. I had the good fortune to run across further authority to the same effect in the decision of the Privy Council in *Liquidators of the Dominion Bank of Canada vs. Receiver General of New Brunswick,* (1892) Appeal Cases, page 437. Herein it is clearly demonstrated that the federation of provinces did not affect the extinction of provincial autonomy. Rather, as the Privy Council said:

> The object of the act was neither to weld the provinces into one nor to subordinate provincial governments to a central authority, but to create a federal government in which they should all be represented, entrusted with the exclusive administration of affairs in which they had a comomn interest, each province retaining its independence and autonomy.

Doubtless, there are those who will argue that the provinces have not really lost their autonomy; that what they have yielded is by agreement, and that at the proper time will be restored to them—that time being, I take it, when an era of real peace comes to the world. However, the Premier of Quebec, who stands like Horatius at the bridge in defence of provincial rights, does not think so, and there are thousands of Canadians, among whom I am one, who do not think so.

There are a number of reasons for this thinking, but I shall refer only to several of them.

Let me say, first of all, that power is not easily yielded. That is a lesson that history teaches all to well. Power is a vicious virus that infects the blood stream of those who acquire it, and there is no known antibiotic to counteract it.

Secondly, the less well-off provinces have been placed in a precarious position by these handouts from Ottawa. They receive in cash moneys more than they could raise by taxes within their own boundaries. With these moneys they have increased their services and improved their standards of living. They are the beneficiaries of a share-the-wealth scheme that knows no precedent in Canada's history. If they are to maintain their present standards they must always continue to sign tax agreements or risk severe economic setbacks unless, of course, the federal Government, by grants in aid, can supply the deficit.

As for the wealthier provinces, they, too, have constant demands for new and improved services. It must be a disconcerting thing for a province like Ontario to see millions of its dollars drained annually and many of its projects stymied because it is not able to use its own money for its own purposes.

My belief is that every tub should stand on its own bottom. But perhaps that is too simple a philosophy, and too old fashioned, for this complex age and for this Machiavellian political era in which we find ourselves. Personally, I would rather have less than be compelled to come hat in hand and almost genuflect before the portals of Ottawa in

order to obtain more. I offer this as an aside and as the product of my own thinking and belief.

Politics being what they are, it is unlikely that an effective voice will be raised on behalf of the provinces by elected representatives. I realize that my own is but a voice crying in a new economic wilderness where spending, not saving, is the order of the day; where thrift has become an old-fashioned word to be jeered and laughed at rather than respected. But surely we have not reached a level where we are prepared to disregard the constitution of the country or repudiate the promises of respected public men.

If we are to redress the wrongs already done, let the federal Government call a dominion-provincial conference without delay. Permit the provinces to arrange the agenda. Instead of being a back-slapping gathering of a mutual admiration society, let that conference, in complete frankness, get down to cases.

In case you think I am not in good company in my proposals, may I read to you a brief statement from the proceedings of the dominion-provincial conference that was held in 1957. This is a statement made by the Prime Minister in his opening remarks:

> There have been times in the past when we have criticized the extent of federal participation in various common efforts on the part of the dominion and the provinces as inadequate. We have given our undertaking that when new fiscal arrangements are determined on, no province will receive less than it is now entitled to.

And that, I think it can be said, is a promise that has been kept.

> But I want to make this clear at the beginning. We are not placing before you any "take it or leave it" attitudes; we are not taking any hard or fast positions. We are not placing before you any rigid formulae.

Yet, honourable senators, we have before us a bill which strikes me as being fairly rigid. It is a repetition of the formula of a year ago.

I concede that, in the present unsettled state of world affairs, the tax arrangements could probably not be ended at this point. But since it is the money of the provinces that is being spent by the federal Government, I submit the provinces should have a clear voice in how that money is to be spent and in what quantities. "A new concept," someone will say. Perhaps. But at least it is based upon common sense, a commodity that is being used all too rarely in these hectic times.

Honourable senators, for what it is worth, and in the hope it may find an echo elsewhere, I oppose this bill which arbitrarily determines, without formal consultation of any kind, how many dollars the provinces shall receive. I resent the attitude by which a central Government imposes its will upon the people of Canada, and I intend to vote against this measure.

Hon. Mr. Reid: I have always understood that whenever federal-provincial tax-sharing agreements are being negotiated the provinces have the right to get out of them. As to the province of British Columbia, I know it would rather have the onus and responsibility of collecting income tax rest with Ottawa. My impression is that if a province does not wish to renew a tax-sharing agreement it merely has to notify the federal authority to that effect at the appropriate time.

Hon. Mr. Connolly (Halifax North): That is right.

Hon. Jean-François Pouliot: Honourable senators, this question of federal-provincial tax-sharing arrangements is very important, and I congratulate my honourable colleague from Halifax North (Hon. Mr. Connolly) upon the timely speech he gave with the authority of a former Premier of his province and with his prestige as a senator of Canada. This matter has been made to look difficult, but it is just as simple and clear as spring water. If we look at sections 91, 92 and 93, in particular, of the British North America Act we see time and time again the words "exclusive" and "exclusively" used with reference to the legislative powers of the Parliament of Canada on one hand and of the provincial legislatures on the other hand. It means that in the view of the law makers, in the view of the Parliament at Westminster which adopted our Constitution, the Parliament of Canada should be entirely free within the scope of its attributions and that each one of the legislatures should be free within the scope of their own legislative powers. This was pretty well followed until World War I, and then, as my honourable friend from Halifax North mentioned, the dominion Government borrowed some provincial powers in order to impose income tax. It was not to be for ever. It was to be for a specific time, for the duration of the war, and afterwards those powers should have been returned to the provinces. There was a real and definite promise, but it was not carried out. Everybody protested against the encroachment of the Parliament of Canada on provincial rights. Nevertheless, it went on and on until, in 1935, at a dominion-provincial conference after the general election it was suggested by the then Minister of Finance that the dominion Government should enter into the field of succession duties. This caused many difficulties at the time between the Government of Canada on one hand and some provincial premiers

on the other hand. That was the difficulty. It was that instead of returning the powers that had been taken from the provinces, the Parliament of Canada was taking over more and more power that belonged to the provinces. There were many federal-provincial conferences at which the matter was discussed. I remember that in 1940 or 1941, at the start of the war, such a conference finished abruptly because Mr. Mackenzie King was dissatisfied with it, and because of the war he took more power from the provinces.

My honourable friend from Halifax North said he was not speaking as a Liberal. I am speaking as a Liberal, as a disciple of Sir Wilfrid Laurier, who said very plainly that the powers of the Parliament of Canada and of the provincial legislatures were distinct, and that it was a great mistake for Ottawa to collect taxation in order to distribute it to the provinces. It is a wrong idea that the Parliament of Canada should bear the odium of taxation in order to make gifts to the provinces. A distinction has been made between richer and poorer provinces. There is no such distinction. I have travelled from coast to coast and I have found no province that is poor. It is used as an argument to induce the Government to make some Christmas gifts to one province or another.

Hon. Mr. Burchill: Has the honourable senator ever been down to New Brunswick?

Hon. Mr. Pouliot: New Brunswick is a rich province, and my friend will not deny it. It is a province with a capitalistic outlook; the people are very well off and lead an independent life. They are now entering the mining field. I say New Brunswick is a rich province. It has wonderful fisheries, a big lumber industry, and many tourist attractions. No one in a moment could tell all about the natural resources of that province. The same could be said about all the provinces.

In such a case, what should be the attitude of the Government of Canada apropos of taxation? It should be that the provinces themselves should collect their own share of taxation, and then there would be no more gifts and each province would be on a footing of equality. It seems that is reasonable. Therefore I hope that in the near future there will be a federal-provincial conference where the facts will be put on the table, where the discussion will be sincere, and the Government of Canada will agree to give back to the provinces what was taken from them so many years ago. It is not a new story. All those who are familiar with the history of Canada must remember what was said and done by the province of Ontario and the province of Quebec when they went together and asked for equal rights. It appealed to the sense of fairness of the people of Canada; they wanted equal rights. That is what has been asked for by my honourable friend from Halifax North, that is what I ask for, and that is what is being considered by the premiers of all the provinces, in order to stop all friction between the Government of Canada and the various provincial Governments.

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

CANADA-FINLAND INCOME TAX CONVENTION BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. Gunnar S. Thorvaldson moved the second reading of Bill C-54, to implement a convention between Canada and the Republic of Finland for the avoidance of double taxation with respect to income tax.

He said: Honourable senators, bills similar to this one have been before this chamber on many previous occasions. The purpose of this bill is to implement a convention between Canada and the Republic of Finland for the avoidance of double taxation with respect to taxes on income. As honourable senators are aware, the bill is in the same form, and the convention which it is intended to ratify is in the same form also, as others which have been before the house in recent years. The substance of the convention follows the general pattern of the income tax conventions which Canada has entered into with many other countries, including the United States, the United Kingdom, New Zealand, France, Sweden, Ireland, Denmark, the Federal Republic of Germany, the Union of South Africa, the Netherlands, Australia and Belgium. In particular, the provisions of this convention are similar to those in the convention between Canada and Denmark. I think, therefore, that a very general account of the terms of the convention will be sufficient.

The main purpose of the convention is to avoid double taxation of the income of persons, both individual and corporate, who are resident in one of the countries and receive income from the other country. The taxes included in the scope of the convention are the Canadian federal income taxes, including surtaxes, and the old age security tax on income, and the Finnish national income tax. As in Canada, this tax applies

to incomes of both individuals and corporations, but there is no equivalent in Finland of Canada's federal old age security tax on income.

The chief means of avoiding double taxation, as is well known, is by a reciprocal system of tax credits whereby the country of residence gives credit for the tax imposed by the country where the income has its source.

Another means is by providing that in certain instances the country in which the income has its source is not to impose tax on that income. In this case it will be taxed only once, namely, by the country of residence. This rule applies to the following kinds of income: profits of shipping and aircraft companies, copyright royalties from certain artistic activities, purchased annuities, pensions made in consideration of past services, and business profits not derived through a permanent establishment. In some circumstances it also applies to the remuneration for personal services rendered by visitors who are businessmen, members of professions, professors, teachers, students and apprentices, and the like.

Double taxation is also reduced by restricting to a maximum rate of 15 per cent the withholding tax on certain income going from one country to residents of the other. It is reduced also by the prohibition of discriminatory taxes against citizens of the other country, and by the provision for settlement of special cases of double taxation by mutual agreement.

Honourable senators, by virtue of the fact that the convention being ratified by this bill is in nearly identical terms with the rest of the tax conventions, I do not think there is any need for me to explain the articles of this convention in detail. If and when the bill receives second reading here, I will move that it be referred to the Standing Committee on External Relations.

Hon. Mr. Reid: Has the honourable senator any information regarding article IX, which says that a person earning $3,000 or less is not taxable? The way I read it is that a Canadian is not taxed until he receives an income exceeding $3,000, and similarly a resident of Finland receiving compensation for personal services in Canada is not taxable until he earns over $3,000.

Hon. Mr. Thorvaldson: That is my understanding.

Hon. Mr. Reid: Each is exempt from taxation?

Hon. Mr. Thorvaldson: Yes, up to $3,000.

On motion of Hon. Mr. Beaubien, for Hon. Mr. Hayden, debate adjourned.

PRIME MINISTER'S RESIDENCE BILL

SECOND READING

Hon. W. M. Aseltine moved the second reading of Bill C-64, to amend the Prime Minister's Residence Act.

He said: Honourable senators, will remember that in June 1950 an act was passed which is now Chapter 216 of the Revised Statutes of Canada, 1952, providing for the establishment of a residence in Ottawa for Canada's Prime Minister. The purpose of the bill before us is to amend the schedule of that act to bring certain property in the township of Eardley, county of Gatineau, province of Quebec, within the scope of the act.

The schedule to the act as it now stands describes only one property, that on which the house known as 24 Sussex street in Ottawa is situated. The proposed amendment adds to the property described in the schedule some 13.4 acres of property in the Gatineau hills fronting on the lake referred to as Harrington or Mousseau.

This bill takes into account the recognition of the name Harrington Lake by the Canadian Board on Geographical Names some 25 years ago, followed by the board's reaffirmation of the decision in 1951 when this property was acquired by the Federal District Commission. It also takes into consideration the not uncommon usage of the name Lac Mousseau.

This measure, honourable senators, follows expressions of approval and support, I would say, from all members of Parliament and many others. And I have here in my hand a file containing quite a number of clippings from local newspapers which have been advocating for some time that this property be used as a country residence for Canada's Prime Minister. No doubt the widespread support the bill has received springs from the realization that the burdens carried by the Prime Minister of this country in this day and age are necessarily very onerous and wearisome.

The provision for the Prime Minister of a quiet place in the countryside, relatively near to Ottawa, will undoubtedly help him to relax and afford him some opportunity for full recreation and reflection. On occasion this property will also be used, when required, to provide hospitality for distinguished guests visiting this country from other countries.

In 1951 the then Federal District Commission purchased some 4,200 acres as part of a program for acquisition of property in Gatineau National Park. This acreage had been owned jointly by Colonel C. M. Edwards and the Honourable W. D. Herridge. It is

the former Edwards home that is being included in the schedule to the act. The property does not take in any part of the lake. It is just the area on which the Edwards residence is located, and comprises some 13.4 acres, extending to the shore of the lake. The remaining Gatineau Park land will, of course, remain under the jurisdiction of the National Capital Commission for park purposes.

Honourable senators, that is all I have to say with regard to this measure. I believe it received unanimous consent in the other house, and I hope it will have the wholehearted support of every member of this chamber and be given second reading. After that, I do not know whether honourable senators might wish to have it referred to a committee or not. I have a great deal of information available here.

Hon. Mr. Reid: We should have someone to tell us all about it.

Hon. Mr. Choquette: How is the fishing in that lake?

Hon. Mr. Aseltine: From what I have heard, I understand the fishing is rather good, although I have never had an invitation to cast a line into that lake yet.

Hon. Mr. Macdonald: You will now.

Hon. Mr. Brunt: Just get this bill through and you will be the favourite son.

Hon. Mr. Aseltine: As I mentioned, this bill does not cover any portion of the lake. I understand the lake is approached by a private road over the property, which road has not been open to the public generally. It is not a very big lake, and if it were thrown open to the thousands of fishermen who reside in Ottawa and district it probably would soon be fished out. However, the bill really has nothing to do with whether the fishing is good or bad.

Hon. Mr. Lambert: May I ask the honourable leader a question? Does ownership of the 13.4 acres on which stands the former residence of Colonel Edwards reside in the Crown, in the name of the National Capital Commission? If so, what department will be responsible for it?

Hon. Mr. Aseltine: The Department of Public Works will be responsible for the care of the property, in the same way as it is responsible for 24 Sussex Street, Ottawa.

Hon. Mr. Reid: Personally, I think this bill should go to committee. I make that suggestion for the reason that this property is not being procured for the present Prime Minister, but for Prime Ministers over the next hundred years.

Hon. Mr. Aseltine: That is correct.

Hon. Mr. Reid: It is a national place.

Hon. Mr. Aseltine: Correct.

Hon. Mr. Reid: I would like to know if anyone has visited this property and approved of it, and what the cost is, and so on. I hope we shall be able to get that information.

Hon. Mr. Aseltine: What does the honourable senator mean by cost?

Hon. Mr. Reid: Is there any cost in connection with it?

Hon. Mr. Aseltine: There is no cost.

Hon. Mr. Reid: I did not know that until now.

Hon. Mr. Aseltine: The property is owned by the National Capital Commission, and this plot of 13.4 acres will be turned over to the Department of Public Works and will be administered in the future by that department. However, I have no objection to the bill going to committee, if any honourable senator wishes to have it further investigated.

Hon. Mr. Reid: This property is something we will all be proud of, and I think the more publicity given to it the better. I am not objecting to the bill in any way.

Hon. Mr. Brunt: You just want information?

Hon. Mr. Reid: Yes, I do.

Hon. Norman P. Lambert: Honourable senators, may I remind the house that an almost similar transaction was approved in this house, as a result of a bequest in the will of the late Mackenzie King, when his property at Kingsmere was transferred to the state, under the administration of the Department of Public Works, as part of the Gatineau Park. Before the legislation was approved and the bequest was accepted, it was suggested that the property might be as useful as a pleasant retreat to his successors in office as it had been to him. The property at Harrington Lake, which is now being identified as the Prime Minister's summer residence, is also in a naturally beautiful location. I happen to know something about this property, which belonged to Colonel Edwards, and I may say that I cannot conceive of a more beautiful site for a summer residence and retreat for the Prime Minister of this country. The property was appropriated by the Federal District Commission, as it then was, along with a considerable acreage adjoining that property, belonging to the Honourable W. D. Herridge. At the time this transfer was made the late Mr. Frederick Bronson was Chairman of the Federal District Commission, and it was through him that the property was acquired.

I believe I am correct when I say that Colonel Edwards made it possible for the

Federal District Commission to acquire a much larger area than is defined as the proposed property for the Prime Minister's summer residence.

Hon. Mr. Aseltine: This is just a small portion.

Hon. Mr. Lambert: I think there were altogether some 800 acres, which had been occupied by the Honourable W. D. Herridge and Colonel Edwards. I knew more about the property occupied by Colonel Edwards than that of Mr. Herridge, which is located farther along the lake. My only observation is that it is a most desirable location, and should afford very excellent facilities for the purposes which the Leader of the Government has outlined.

Hon. Mr. Aseltine: According to my memorandum, this property was part of an original area consisting of 4,286 acres acquired by the Federal District Commission in 1951 as part of the program for the acquisition of property for Gatineau Park. It was jointly owned by Edwards and Herridge, including the house.

Hon. Mr. Lambert: Am I correct in saying that the acreage acquired by the Federal District Commission at that time did not reach the figure which the honourable Leader has given?

Hon. Mr. Aseltine: That was the total figure.

Hon. Mr. Lambert: It was not the total acreage acquired by the commission, but the total acreage of the property occupied by the two gentlemen mentioned.

My impression is that the Federal District Commission, as it then was under Mr. Bronson, purchased from Colonel Edwards and Mr. Herridge half of the property which was formerly owned by them for an amount which I believe to be somewhere in the neighbourhood of a quarter of a million dollars. That was not an exceptional transaction, because the then Federal District Commission was in the habit of acquiring property all through the Gatineau area for the purpose of laying the foundation for the park, which now exceeds 50,000 or 60,000 acres. So the area in which the Prime Minister's residence will be located may be said to be one of the acquisitions which have been made over the years for the purpose of building up the Federal District's interest in the Gatineau Park area.

Hon. Mr. Stambaugh: Honourable senators, I understand that Harrington Lake is three miles long, and contains lots of fish, big fat ones, all of which are to be reserved for the use of the Prime Minister of Canada. Now, if the honourable Leader of the Government (Hon. Mr. Aseltine) receives an invitation to enjoy the facilities of the lake, as I expect he will, I would like to ask him if he would include me in on it.

The Hon. the Speaker: For the small fish.

Hon. W. Ross Macdonald: Honourable senators, I am sure this bill will receive the unanimous approval of this house. From what we have heard, the property concerned is a desirable one, situated within easy access of Ottawa, yet not too close to the city. It will be a retreat to which the Prime Minister will be able to escape from his official residence, and still be close enough to return to Ottawa on short notice. I think it is quite appropriate that the Government should acquire this property to be used as the summer home for the Prime Minister.

Nothing was said as to whether the Prime Minister will be required to pay rent for the use of the property. Personally, I hope he will not be called upon to do so.

Hon. Mr. Brunt: I think the rental is included in the $5,000 that is paid for 24 Sussex street, because this property is added to the property described in the schedule to the act.

Hon. Mr. Macdonald: Well, there is no additional rental for the country home?

Hon. Mr. Brunt: That is right.

Hon. Mr. Macdonald: I will go along with that. I will go further and say I have always questioned whether the Prime Minister should be required to pay rent for his home. The Government of Canada has provided a residence for the Prime Minister. Having done so, and requiring the Prime Minister to live in that residence, the Government then says: "You must live there. You cannot live any place else, and you have to pay rent for that residence". I am quite sure that the President of the United States of America and the Prime Minister of the United Kingdom do not pay rent for their respective official residences.

Hon. Mr. Lambert: The British Prime Minister has 10 Downing street and Chequers.

Hon. Mr. Macdonald: I am sure he pays no rent for either of those places.

Hon. Mr. Monette: Does the honourable senator know whether the President of France pays rent?

Hon. Mr. Macdonald: I would doubt very much whether the President of France pays rent.

Hon. Mr. Monette: I am quite doubtful myself.

Hon. Mr. Macdonald: There is an official residence for the President of France for which, I am quite satisfied, he does not pay rent. Surely Canada is now in a sound enough financial position that if it provides a residence for the Prime Minister, and requires him to live in that residence, it does not need to exact rent for it.

Hon. Mr. Reid: One of the particular reasons why I would like to see this bill go to the committee is that I remember the purchasing of the present residence for the Prime Minister, and I think I could have done a better job for $1 million than was done in that case. In my opinion, that house should have been torn down and rebuilt. Perhaps there are people living in Ottawa who would dispute that, but I have been through it and looked at it, and I am convinced we spent a lot of money without investigating the property. We are now going to purchase another residence, and I am all for it, but I do think we should have more information than we now have.

Hon. Mr. Aseltine: Honourable senators, I remember when the other bill was before the Standing Committee on Banking and Commerce of the Senate the question of income tax was raised. The sum of $5,000 is not a rent payment, as I understand it. It is a payment for the food and services and everything else that the Prime Minister gets, the value of which he would have to add to his income, and thus pay income tax to a greater extent than the $5,000 if it were not dealt with in the way in which it is now dealt with. I may be wrong, but that is what I think happened.

Hon. Mr. Reid: We will find out in committee.

Hon. Mr. Aseltine: Yes, we will find that out in committee. I intend to move that this bill be referred to one of the standing committees.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Aseltine, bill referred to Standing Committee on Banking and Commerce.

PRIVATE BILL

STANDARD TRUST COMPANY—SECOND READING

Hon. William R. Brunt moved the second reading of Bill S-28, to incorporate Standard Trust Company.

He said: Honourable senators, this is a very simple bill and I will try to be very brief in my remarks explaining it. As indicated by the title, the purpose of the bill is to incorporate a trust company under the name of Standard Trust Company. The purpose of the bill is simply to set up a trust company in compliance with the terms and provisions of the Trust Companies Act, and, of course, the company would be subject to supervision by the Department of Insurance.

The sponsors of the bill, as set out in clause 1, are: Stephen B. Roman, president of a number of mining companies which own and operate properties in the province of Ontario. He resides on a large farm adjacent to Unionville, Ontario. Bertram E. Willoughby, the second sponsor, resides in Toronto. He is a well known real estate agent in that city, and is an officer and director of a number of mining companies. Wilbur C. Cochrane also resides at Toronto. He is President of Cochrane Dunlop Hardware Company Limited, a well-known wholesale hardware firm doing business throughout Ontario, as well as being a director of a number of companies. Harry A. Willis is a solicitor residing at Belfountain, Ontario. He carries on his law practice in the city of Toronto, and is a senior member of the well-known legal firm of Willis and Dingwall. He is a member of the Board of Governors of McMaster University and a director of a number of companies doing business in Ontario. Murray Axmith is an executive and a chartered accountant, and a director and officer of a number of companies in Ontario. He resides in the township of Etobicoke. Wesley G. Thompson is a large farmer and the owner and operator of a large feed mill in western Ontario. He is a former member of the Legislative Assembly of the province of Ontario, and for a period of three years served as Minister of Lands and Forests for the province of Ontario. Mr. Thompson resides at Ridgetown in southwestern Ontario. George G. Rodanz resides at Stouffville, Ontario. He is a large farmer and is a director of the Royal Agricultural Winter Fair and the Canadian National Exhibition, as well as being Past President of the Ontario Hereford Association. John Bull, the last named sponsor, is a large farmer and breeder of purebred Jersey cattle. He resides at Brampton, Ontario, and is president and an officer of a number of nationally known exhibitions and certain purebred Jersey associations.

All of the sponsors have had extensive business experience and are well qualified to act as directors of a trust company.

Should this bill pass and the trust company be incorporated, it is the intention of

the sponsors to exercise the full powers of a trust company. The company will act as a transfer agent, will exercise the full powers of a corporate trustee, will accept moneys for deposit in savings accounts, will issue guaranteed investment certificates, and do all the other necessary work that is carried on by a trust company today.

The name which has been chosen by the sponsors is Standard Trust Company. I understand that the name "Standard Trust Company" appears to be satisfactory to the officials in the federal Department of Insurance, and to the company officials in the Department of the Secretary of State. However, I want to assure all honourable senators that when the bill is considered by the Standing Committee on Banking and Commerce, if it is by any chance felt that the name "Standard Trust Company" is not a suitable or satisfactory one as far as the Government officials are concerned, the sponsors of the bill will readily agree to change the name to one that is satisfactory to all concerned.

In the bill it is proposed that the capital stock of the company shall be $3 million, which may be increased to $5 million if such an increase is found necessary.

Honourable senators will note from clause 4 of the bill that $500,000 must be subscribed before the provisional directors can call a general meeting of shareholders for the purpose of organizing the company. This, I understand, conforms with the provisions of the Trust Companies Act.

Furthermore, the bill provides that even after the sum of $500,000 has been subscribed the company shall not commence business until $1 million of capital stock shall have been subscribed and at least $1 million paid thereon.

From information furnished to me I understand that it is the present intention of the sponsors of this bill to provide that $1,100,000 shall be paid for the first $1 million of capital stock which shall be subscribed for and issued, the purpose of this being to immediately provide this company with a capital surplus of $100,000. As all honourable senators well know, a trust company loses money when it first commences to do business, and the sponsors feel that rather than have the capital of the company impaired by a loss which the company will incur when it commences business, the company will be provided with a capital surplus of approximately $100,000, and any loss which may be incurred can be charged against the capital surplus account.

I understand from the sponsors that they are in a position to immediately provide the trust company with stock transfer business which should produce an annual income of approximately $100,000 for the company.

Finally, it is proposed that the head office of the company shall be in the city of Toronto in the province of Ontario. Clause 7, the final clause of the bill, provides that the company shall have all the powers, privileges and immunities conferred by the Trust Companies Act and shall be subject to all the limitations, liabilities and provisions of that act.

Hon. Mr. Isnor: Would the honourable senator be good enough to explain how this additional $100,000 is arranged?

Hon. Mr. Brunt: By selling stock at a premium. For instance, if the stock had a par value of $100 you could sell it at $110 a share and in that way you could pick up a premium of $10 on each share sold.

Hon. Mr. Isnor: Thank you.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Brunt, bill referred to Standing Committee on Banking and Commerce.

COMMITTEE MEETINGS

On the motion to adjourn:

Hon. Mr. Aseltine: Honourable senators, before the house adjourns I would like to remind you that there will be a meeting of the Standing Committee on External Relations tomorrow morning at 10.30. On Tuesday next there will be meetings of the Finance Committee at 10.15 a.m. and 2.30 p.m., of the Tourist Traffic Committee at 10.30 a.m. and of the Natural Resources Committee at 2 p.m.

The Senate adjourned until Tuesday, June 23, at 8 p.m.

THE SENATE

Tuesday, June 23, 1959

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

Prayers.

UNEMPLOYMENT INSURANCE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-43, to amend the Unemployment Insurance Act.

Bill read first time.

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

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

VETERANS' LAND BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-50, to amend the Veterans' Land Act.

Bill read first time.

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

Hon. Mr. Aseltine: Tuesday next.

PUBLIC SERVICE PENSION ADJUSTMENT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-60, respecting the adjustment of certain public service pensions.

Bill read first time.

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

Hon. Mr. Aseltine: Thursday next.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-61, to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System for the period from the 1st day of January, 1959 to the 30th day of June, 1960, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

Bill read first time.

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

Hon. Mr. Aseltine: Thursday next.

CANADIAN FORCES SUPERANNUATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-62, respecting the superannuation of members of the Canadian Forces.

Bill read first time.

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

Hon. Mr. Aseltine: Thursday next.

DOCUMENTS TABLED

Hon. Mr. Aseltine: Honourable senators, I table the following documents:

International Wheat Agreement, 1959, as adopted at the final Plenary Session, United Nations Wheat Conference, held at Geneva on 10th March, 1959. (English and French texts).

Report of the Department of Trade and Commerce for the calendar year 1958, pursuant to section 7 of the Department of Trade and Commerce Act, Chapter 78, R.S. 1952. (English text).

Report of the Canadian Farm Loan Board for the fiscal year ended March 31, 1959, pursuant to section 85 of Chapter 116, R.S. 1952. (English text).

INTERNATIONAL WHEAT AGREEMENT

Hon. Mr. Aseltine: Honourable senators, with leave, I move, seconded by the Honourable W. Ross Macdonald, P.C., Leader of the Opposition, that the International Wheat Agreement opened for signature at Washington, D.C., on April 6, 1959 be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this date.

Motion agreed to.

For text of agreement see appendix to today's Hansard, *pp. 876-92.*

PRIVATE BILL

DESJARDINS LIFE INSURANCE COMPANY—FIRST READING

Hon. Gustave Monette presented Bill S-29, to incorporate Desjardins Life Insurance Company.

Bill read first time.

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

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

TOURIST TRAFFIC

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. R. B. Horner, Chairman of the Standing Committee on Tourist Traffic, presented a report of the committee.

The report was read by the Clerk Assistant:

The Standing Committee on Tourist Traffic report as follows:

The committee recommend that they be authorized to print 600 copies in English and 200 copies in French of their proceedings.

The Hon. the Speaker: Honourable senators, when shall this report be considered?

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

Motion agreed to.

NATIONAL ENERGY BOARD BILL

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Cyrille Vaillancourt, Chairman of the Standing Committee on Natural Resources, presented the report of the committee on Bill C-49.

The report was read by the Clerk Assistant:

The Standing Committee on Natural Resources, to whom was referred the Bill (C-49) intituled: "An Act to provide for the establishment of a National Energy Board", report as follows:

Your committee recommend that authority be granted for the printing of 800 copies in English and 200 copies in French of their proceedings on the said bill.

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

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

Motion agreed to.

BRETTON WOODS AGREEMENTS BILL

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Gunnar S. Thorvaldson, Chairman of the Standing Committee on External Relations, presented a report of the committee on Bill C-52.

The report was read by the Clerk Assistant:

The Standing Committee on External Relations, to whom was referred the Bill (C-52) intituled: "An Act to amend the Bretton Woods Agreements Act", report as follows:

Your committee recommend that authority be granted for the printing of 800 copies in English and 200 copies in French of their proceedings on the said Bill.

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

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

Motion agreed to.

REPORT OF COMMITTEE

Hon. Mr. Thorvaldson presented a further report of the Standing Committee on External Relations on Bill C-52.

The report was read by the Clerk Assistant:

The Standing Committee on External Relations, to whom was referred the Bill (C-52) intituled: "An Act to amend the Bretton Woods Agreements Act", have in obedience to the order of reference of June 16, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon. Mr. Thorvaldson: Now.

Hon. Mr. Reid: Next sitting.

Hon. Mr. Monette: Next sitting.

CITIZENSHIP

NOTICE OF INQUIRIES

On the notice of inquiries by Hon. Mr. Pouliot:

No. 1.

1. What is the total population of Canada?

2. By virtue of the Department of Citizenship and Immigration Act, and according to the most recent figures, how many persons in Canada:

(a) are British subjects, Canadian citizens, and citizens of the Commonwealth?

(b) are British subjects but are not Canadian citizens nor citizens of the Commonwealth?

(c) are citizens of the Commonwealth but are not British subjects nor Canadian citizens?

(d) are Canadian citizens but who are not British subjects nor citizens of the Commonwealth?

(e) are neither British subjects nor Canadian citizens nor citizens of the Commonwealth?

No. 2.

1. In Canada, how many married women have not been divorced and not separated from their husbands?

2. How many of these married women living in Canada have a citizenship distinct and different from that of their husbands?

3. Has the Canadian Government received from married women living in Canada and women's associations in Canada requests for amendment to the laws to permit married women to have a citizenship distinct from that of their husbands?

4. If so, from what persons and what associations, with the address of each one?

Hon. Mr. Aseltine: Stand.

Hon. Jean-François Pouliot: Honourable senators, with regard to my two inquiries, it seems that it would be only fair to have that

information complete before the Senate proceeds with the motion standing in the name of the honourable Leader of the Government (Hon. Mr. Aseltine) for approval of the so-called convention on married women. I do not know how we can discuss such a matter without having the information that I asked for. That information should be on the desks of the Minister and Deputy Minister of Citizenship and Immigration, and if it is there they have only to copy the figures in order to inform us. It is just as simple as that. If they do not have that information, if they say it requires a lot of work to answer those questions, it means that they do not have that information on their desks as they should have. My suggestion would be, in the language of the honourable Senator Hayden, to "bargain" with the leader to postpone the motion until after I have the information asked for. I will not be satisfied with what I asked because I have some more information to ask for tomorrow about those who drafted that so-called convention, which is not a convention. They are people who belong to no country. They are citizens of the United Nations, they pay no tax, they belong to no country and they cannot be patriots. I will not insist further for the time being, honourable senators.

NEW BRUNSWICK FISHING FLEET DISASTER

On the Orders of the Day:

Hon. Clarence V. Emerson: Honourable senators, tonight I rise to express concern over the tragedy that has struck on the north shore of my native province of New Brunswick. Tragedies come and go, but this time human lives have gone as well. I know the sympathy of all goes out to those so bereaved.

I would urge a human and understanding Government to do everything possible to help those families thus stricken. Yesterday the British peer Lord Beaverbrook made an announcement from his London home that he would donate $5,000 to start a Fishermen's Disaster Fund for those who suffered in the New Brunswick fishing fleet tragedy. These heart-broken families have lost their breadwinners. Their livelihood has been snuffed out like a burning candle, swiftly and surely. No one can evaluate human life, but we can show appreciation of it.

I commend to our Government any help that is within its power to give. Financial assistance can relieve to a degree the added burden of worry and uncertainty at such a time. The privilege to mourn in peace is every human being's right.

In closing, may I add my own personal heartfelt sympathy to the families so bereaved. It is my prayer that they will be sustained in their great sorrow and loss by their faith and belief that a power higher than ours has ordained it so.

> Death is but a path that must be trod
> If man would ever pass to God.

Hon. G. Percival Burchill: Honourable senators, I am sure that every member of the Senate will feel a deep sense of regret and sorrow at this tragic disaster to which my colleague has referred. The fishing villages concerned, at the mouth of the Miramichi River, in the county of Northumberland, are in my constituency. On Sunday afternoon last I visited the scene of this tragic occurrence, and I can assure honourable senators that notwithstanding everything that has been written so well in the press, and what has been communicated to us over radio and by television, one has to go there, on the scene, and see for himself what has taken place, to really measure the extent of this awful occurrence.

These people, and there are no finer citizens in our land, make their living by going down to the sea. They, their fathers and their grandfathers before them have fished off that coast. The sudden storm on Friday night churned up the sea, producing waves fifty feet high, as I was told by some of the survivors, and up-ended and turned over boats forty, forty-five and fifty feet long, boats which had been constructed within the last year. One has to view the damage and see how those boats were overturned, broken and destroyed, to appreciate the force of the storm which so suddenly, in the middle of the night, struck this community.

I believe that, of about fifty boats which went out on Friday afternoon, twenty-three did not return. In driving along the road, at the village of Bay du Vin I met the rector of the Anglican church, who reported that, of his small congregation, thirteen men were missing, only two of whose bodies had been recovered. When I called on Father Arseneault, the pastor of the Roman Catholic church at Baie Ste. Anne, he said that, as far as could be judged, twenty men from his congregation were missing. As one went along the highway and saw the misery and the anguish in those homes, one appreciated just what that blow has meant to the villages.

I am very pleased to hear this evening the statement of the honourable gentleman from Saint John-Albert (Hon. Mr. Emerson) that he will recommend to the Government that the required assistance will be given, for most of these people have lost not only their loved ones and breadwinners, but fishing rigs, nets and other equipment. They need help

and they need it most urgently. It is, therefore, very gratifying to know that representations and recommendations are going to the Government to make provision for the urgent needs of these people.

The Hon. the Speaker: I am sure honourable senators will feel that I am expressing the sentiments of this chamber in speaking of the sorrow we feel at this tragic news. It was an event which no one could have expected. I hear that there were, in effect, two storms: the first was weathered by the boats; it was the return swish of the same storm which really did the damage and caused the deaths of the friends of our good colleagues from Saint John-Albert (Hon. Mr. Emerson) and Northumberland-Miramichi (Hon. Mr. Burchill).

As Speaker, I would ask these honourable gentlemen to convey to their constituents the expression of our deepest, strongest and most heartfelt sympathy. I understand that the Government, through the Prime Minister, the Right Honourable Mr. Diefenbaker, has already announced in the other place its willingness to help the fishermen to purchase boats and replace equipment, and to aid the mothers and children in the community who are left without husbands and fathers.

EXCISE TAX BILL

THIRD READING

Hon. W. M. Aseltine moved the third reading of Bill C-47, to amend the Excise Tax Act.

Hon. W. Ross Macdonald: Honourable senators, before this bill is carried I should like to refer to one clause which has received scant attention by this house. It relates to the increase in the tax on cigarettes. I would point out that this bill is definitely a tax-raising measure. The honourable senator from Winnipeg South (Hon. Mr. Thorvaldson), when explaining the income tax amendments, said that in some respects they were helpful to the taxpayer. Most of us looked in vain for much help from that bill. Without going through it very carefully we found that there was very little assistance to those who were not making more than $25,000 a year. The honourable senator from Hanover (Hon. Mr. Brunt), when explaining the excise tax amendment, did not hold out any hope for us; he came out plainly and said that in the main this bill imposes indirect taxes rather than direct taxes. In effect, he said, "Make no mistake about it, this bill provides for taxes that you won't know you will be paying."

I refer to the tax on cigarettes. I do not particularly criticize the Government for increasing the tax on tobacco. The Government has to raise a certain amount of money, and it has seen fit to raise it in part from an increased tax on this product. What I do not like about it is that it has been done in spite of everything that was said to the contrary prior to the election.

Honourable senators, I would point out that the purpose of the increase in the tax on cigarettes is not to discourage their use. The Government, for the moment, is not interested in whether people do or do not smoke cigarettes. The tax is for one purpose only, that of increasing federal revenue. But prior to the election the Government said definitely that the tax would not be increased; rather, that it would be reduced.

When I consider this proposed increase in taxation, I must come to the conclusion that the Government has done exactly the opposite to what it said it was going to do about cigarettes. It also occurs to me that it is just another link in the Government's chain of broken promises.

Hon. Mr. Aseltine: Can the honourable Leader of the Opposition (Hon. Mr. Macdonald) give any reference to statements made by anyone with respect to cigarettes especially?

Hon. Mr. Macdonald: Honourable senators, I was not going to read the extracts I have of what was said with respect to cigarettes prior to the election, but now that the honourable Leader of the Government (Hon. Mr. Aseltine) has asked for that information I will give it to him. He is always very courteous to me when I ask for information, and I desire to be courteous to him.

Prior to the 1957 election Mr. George Hees —who was then not "the honourable", but had been a member of the previous Parliament—speaking in Simcoe, the heart of the tobacco-growing district, is reported in the Simcoe *Reformer* to have said:

> Tobacco I am sure is the most highly taxed commodity and has been shown rank discrimination with regard to taxation.

Then I come to the remarks made by the present Prime Minister in my own city of

Brantford on February 17, 1958, as reported in the Hamilton *Spectator* of the following day. The headline reads:

Optimistic Prime Minister hints P.C.'s would trim tobacco taxes.

The article goes on to say:

Prime Minister Diefenbaker blew a warm blast of optimism over this sub-zero city last night.

Hon. Mr. Pearson: Was that cigarette smoke?

An Hon. Senator: Hot air.

Hon. Mr. Macdonald: All I can say is that it was a very cold night.

The *Globe and Mail*, in the edition which came out before midnight on February 17, 1958, reported as follows:

Prime Minister Diefenbaker last night dropped a clear hint that the taxes on cigarettes, cigars and tobacco soon may be cut.

He told an audience of 1,400 that no industry in Canada suffers a greater degree of taxation than the tobacco industry.

To the Brantford audience, living on the northern fringe of Ontario's tobacco belt, where production has jumped from 63,000 acres in 1943 to 120,000 in 1956, the Prime Minister's hint appeared an effective vote catcher.

Well, it not only appeared to be a vote catcher, but actually proved to be one.

I now come to the report which appeared in the Brantford *Expositor* under date of February 18, 1958. May I first point out that this question of the reduction of the tobacco tax was the main feature of that meeting. That tobacco taxes were going to be cut was a great announcement. The headline in the *Expositor* reads:

Prime Minister starts Ontario campaign. Pledges economic aid study for tobacco farmers.

The report reads:

Prime Minister Diefenbaker launched his eastern Canadian campaign here Monday night with a promise of a study aimed towards aid for tobacco farmers.

Mr. Diefenbaker said his Government was,

—looking into the whole question of the tobacco business to find what action should be taken to help the tobacco farmer get a fair and reasonable return on his investment. I realize (he said) that no industry suffers a greater degree of taxation than the tobacco industry. Among all Canadian agricultural industries this one most of all has not received the consideration it should receive.

Well, honourable senators, my comment is that if the tobacco industry did not receive consideration before that time, it certainly has received consideration since. The editorial comment in the same issue of the *Expositor* reads:

The Prime Minister made references of specific interest to the tobacco industry. For years this industry has protested against what it regards as excessive taxation. The Prime Minister promised scrutiny with a view toward affording relief.

Honourable senators, there are other reports of what was said during that campaign, not only in Brantford, but in Tillsonburg and other parts of western Ontario. It does seem strange, after hope was held out to the tobacco growers of a reduction in the tax, that instead it has been increased.

I wish to make myself perfectly clear. I do not criticize those seeking office for making promises. We are accustomed to having promises made. But what is unfortunate is that, having made promises, not only did the Government fail to carry them out, but it has done the very opposite to that which it promised to do. I fear that that is apt to bring about a feeling of contempt for all of us throughout the community. Promises should not be made lightly, and they should not be broken lightly. Only under the most unusual and trying circumstances should something be done which is directly opposite to what was promised during the election campaign.

Motion agreed to and bill read third time and passed.

FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS BILL

SECOND READING

The Senate resumed from Thursday, June 11, the adjourned debate on the motion of Hon. Mr. Brunt for the second reading of Bill C-41 to amend the Federal-Provincial Tax-Sharing Arrangements Act.

Hon. W. Ross Macdonald: Honourable senators, I have just a few remarks to make with respect to this bill. We have heard some very interesting addresses on this subject, and I shall not delay the house very long.

I might remind honourable senators that for some years prior to the war the question of the distribution of the tax dollar among the various taxing agencies—that is, the municipalities, the provinces and the dominion—was under consideration. Honourable senators will recall that prior to the war a royal commission was set up under the chairmanship of the Honourable Mr. Justice Rowell to look into this question. He died before he had completed his inquiry, and the chairmanship was taken over by Mr. Sirois who brought in his report just before the commencement of the war in 1939.

Subsequent to the bringing in of that report a number of conferences between the dominion and the provinces were held in the hope that an agreement could be entered into respecting tax revenues. I will not go into the discussions that took place at that time between the representatives of the provinces and the dominion. I will say only that they were not always amicable, and they left much to be desired. However, an agreement was entered into with respect to the revenue from personal income tax, corporation tax and the succession duties. It was put into statute form in 1942 and was intended to last for the duration of the war. In fact, it lasted until 1952, when the tax rental agreements were entered into. Honourable senators will recall that there were also a number of conferences during the period from the end of the war to 1952. The statute which was passed at that time enabled the Governor in Council to enter into an agreement with the provinces in respect to the personal income taxes and corporation income taxes and succession duties. The Governor in Council was empowered to guarantee a minimum amount to each province, and there was provision for adjusting the amount from time to time.

Honourable senators will recall that in 1956 the Federal-Provincial Tax-Sharing Arrangements Act was passed. Briefly, under that statute a province could withhold up to 10 per cent of the income tax and obtain credit for it. In 1958 that act was amended, and the amount which a province could withhold was increased to 13 per cent. The purpose of the present bill is to extend that provision for the withholding of 13 per cent for another year. This will be an interim arrangement, and this time next year, if not before, another bill will come forward with respect to this matter. What that bill will contain no one knows.

I do not want to be accused of carping criticism, nor of seeking any political advantage, but it does occur to me that since the present Government took office sufficient time has elapsed for it to have called and held a dominion-provincial conference. Honourable senators will remember that during both election campaigns the present Government stated that a conference between the provinces and the dominion would be held very soon after the election. Perhaps the Leader of the Government (Hon. Mr. Aseltine) would allow me to back up that statement with something which the present Prime Minister said. I am reading from the Winnipeg *Free Press* of February 10, 1959, and the reference is to the hesitation that the Government is showing in calling this conference:

> There was no such hesitation twenty-two months ago. Then, during the 1957 election campaign, Mr. Diefenbaker was telling the electors that "one of the first steps" if he was Prime Minister would be "to call a dominion-provincial conference" on tax sharing.

I emphasize his words: "one of the first steps" would be "to call a dominion-provincial conference" on tax sharing.

The newspaper's editorial goes on:

> The provinces were "starved"; Canadian federation was being "gravely undermined" by the Ottawa Government's "grasping greed for dollars"; federal taxes were "needlessly high": the municipalities were being "pauperized" and having to pay "outrageous rates of interest". And so on. Mr. Diefenbaker would fix it all up by calling a federal-provincial conference which would give the provinces and municipalities more tax revenues "by agreement of all". There would be no more arrogant, "cut and dried" decisions by Ottawa about what taxes the provinces had to accept.

Honourable senators, two years have gone by and no conference has yet been called. But there is hope, for it has been announced that a conference will be held some time next month. I would point out though, that this is not to be a conference of heads of provinces with the head of the dominion, but merely a conference of provincial treasurers.

Hon. Mr. Horner: It is not going to be a summit conference?

Hon. Mr. Macdonald: No. All I can say is that I hope this conference of provincial treasurers will be more successful than another conference which we hope is preceding a summit conference. At any rate, I am afraid there will be some difficulty at this pre-summit conference of provincial treasurers in Ottawa. I was very much interested to read the remarks of the Premier of Ontario. I am afraid that by putting off this federal-provincial conference for such a long time it will be more difficult than ever to come to a satisfactory settlement with the provinces. On March 12, 1959 the Toronto *Star* ran the following headline:

> Frost wants Ottawa to pay $110,000,000 more in tax rental.

The article goes on to read:

> Premier Frost wants $110 million in tax rentals from the federal Government and not $100 million as has been his cry during the past two years.

So the amount is going up. The longer we put off calling a federal-provincial conference the more money the provinces will want. The article continues:

> He said—

meaning Premier Frost—

> in the Legislation yesterday that he not only was maintaining his demand for the $100 million, but wanted—

This is very interesting.

—a cost of living bonus also. This would amount to another $10 million, he said later.

Honourable senators, I have read those newspaper articles to you in the hope that the Government will not put off too long the calling of a federal-provincial conference of the heads of Governments. There is no doubt that it is necessary to have this preliminary conference next month. The danger is, as shown by the increase which Mr. Frost is demanding, that the longer this conference is delayed, the more difficult it is going to be to arrange a solution.

Hon. John T. Haig: Honourable senators, I intend to say only a few words. As you have heard, there is going to be a conference of provincial treasurers in about two weeks' time. The present Government has only been in power since March 31, 1958. It is true this Government was in office from 1957, but prior to the last election it did not have a majority in the other house. Government supporters in the Senate know how difficult it is to carry on when you are in a minority group. We know all about it.

Hon. Mr. Brunt: We get more support here than we do in the other house.

Hon. Mr. Haig: Yes, it is true we get more co-operation here than they get in the other house. As a matter of fact, we get more co-operation here than does any minority parliamentary group I have ever seen.

The province of Manitoba now has a majority Government, whose Treasurer happens to be the Premier himself. He can come down to the forthcoming treasurers' conference and the people of Manitoba will be entirely satisfied with whatever arrangements he makes. This would be true if the arrangements happened to be made by the Deputy Premier, the Attorney General, the Minister of Education, or any other member of the Manitoba Government. I know them all. This majority Government has been in power since May 14. The provincial Government of Ontario has a majority. It is all right to say it had a majority before the recent election, and it could have remained in office a year and a half longer before going to the people.

Hon. Mr. Macdonald: It had a larger majority before the election.

Hon. Mr. Brunt: It is still big enough.

Hon. Mr. Haig: It still has too great a majority. I am not saying this with any personal feelings, but I think a house is better off when the majority is not too great. I believe in the Manitoba Legislature there are 36 Conservatives, 11 Liberals and 10 C.C.F'ers.

Hon. Mr. Hnatyshyn: That is just right.

Hon. Mr. Haig: I think that division fairly represents the people of our province. When you go to Alberta you find that the Government is almost totally Social Credit. They have 62 Social Credit members and three C.C.F'ers. I don't know how those C.C.F'ers got in at all. They must have gone around getting votes before the others got started.

Honourable senators, I wonder when the municipal and provincial Governments and the non-Government supporters in the House of Commons are going to stop asking the Government to spend more money out of the federal treasury.

Hon. Mr. Macdonald: That is why a federal-provincial conference should be called soon.

Hon. Mr. Haig: The honourable Leader of the Opposition (Hon. Mr. Macdonald) will be one of the quickest to criticize any increased expenditure by the federal Government.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Haig: What he ought to do is find out what it has cost to make grants to certain groups. Take unemployment. I am quite in agreement with the Government's policy on unemployment. When men and women of our country are unable to find employment we cannot stand by and see them starve. We have to feed them, whether we like it or not. This may not be the feeling of the majority of Canadians, but it is the feeling of a great many of us. I know that our municipalities have heavy responsibilities and that each province is working desperately to relieve educational problems, to find ways to pay teachers to carry on the important work of education. These problems are crowding in on the Government. I am not standing up especially to defend the present Government, but I do say that the Prime Minister has done one thing, he has made my heart beat faster. He has shown a determination that the unemployed will not starve in this country, and he is trying desperately to give each province a works project which will provide labour during the winter months. He has spent a lot of money on housing schemes in our various provinces to give work. He is trying to develop power and industry in the Maritimes and in Saskatchewan. He may be wrong in some things, but at least he is trying.

I entirely agreed with the honourable Leader of the Opposition when he expressed hope that a summit conference of world powers would be held. We would all like to see that. Never in my twelve years as Leader

of the Opposition in this house did I utter one word of criticism against the Government for spending money on defence. I did not like it in one way, but I knew it had to be done. I did not dare go back to Manitoba and have people look me in the face and say: "Jack Haig, what is wrong with you? You didn't vote one cent for defence." I kept my eyes shut and my mouth open, and said "Yea, yea, yea" all the time. The Senate was never divided. Those are things that impressed themselves on this house. Certainly we have expenditures to make, for we face a difficult situation. Canada is waging a desperate fight.

I have been in this house for a long time and I have known many of the prime ministers of this country. I knew both Sir Robert Borden and the Right Honourable Arthur Meighen very well. I knew R. B. Bennett. We didn't love each other, but I knew him well—too well, sometimes. Of course, I knew the late Mackenzie King well. I also knew Mr. St. Laurent well. I have a very warm feeling in my heart for him, and I always will. I can never forget when he was Minister of Justice. I once met him in the hall upstairs, and he said to me: "Haig, I have to appoint a judge to the Court of Appeal for Manitoba. Will it be Mr. So-and-so or Mr. So-and-so?" I replied, "I would say Mr. So-and-so, but the only trouble with him is that he is a Liberal." Mr. St. Laurent asked, "What about the other fellow?" I said, "He is a Liberal, too." To which he replied, "That is all right, that is fine." I told him that was my opinion. The prime ministers of whom I have spoken were great men for our country. I believe John Diefenbaker, the present Prime Minister, even though he got a little excited and carried away by his oratory in the election campaign, is a good man. He may have gone a little too far with his promises, but I have never seen a man so determined to carry out those promises as when he told our municipalities in Winnipeg this year, "You put your men to work where work has to be done, and we will pay a share of the cost."

Hon. Mr. Euler: Another promise.

Hon. Mr. Haig: Manitoba is only a little province, but next to Toronto I believe we get more visitors than any other part of Canada. Mr. Diefenbaker visited us and said, "We will help you out in order to find jobs for your people."

There is to be a conference of provincial treasurers on July 6. The Premier of Manitoba happens to be the provincial Treasurer, so our province will be well represented. I do not think we should criticize the Government for not calling a conference earlier. The Prime Minister could not call a conference until he had a majority in the other house. The Government has been in office for a year now, and the Prime Minister knows the problems. He has had to face a terrific problem of unemployment, as well as a serious problem of housing. In addition, the Canadian National Railways had its largest deficit last year, and will probably have another large one this year. He has had to deal with the problem of selling our grain while the United States was selling its grain or giving it away. That racket started only a couple of years ago, and it is one of the things that concern us in the west. Whether Ontario, the Maritime provinces, or any of the other provinces, like it or not, we in the Prairie provinces think that John Diefenbaker is trying his utmost to do a good job.

Hon. Salter A. Hayden: Honourable senators, I do not propose to say very much on this bill. I think the Senate knows that I have expressed some views on previous occasions indicating that I do not like tax rental agreements, but before I repeat what I have said on former occasions about that subject I cannot help but comment on the very interesting speech which the senior senator from Winnipeg (Hon. Mr. Haig) for just made. I always enjoy his speeches, because I know I shall get at least a couple of things from them, one of which will be a clearer insight into practical politics. I can also be sure that sooner or later there will be in some form on his part a confession of faith in his political principles. This evening we have had two added factors, one being an explanation of the difficulties that surround a prime minister in attempting to run the affairs of the country. However, what is particularly interesting to me is that I think I almost got a supporter for my views in respect to tax rental agreements. The honourable senator said something to the effect that we should have a conference soon because of the tendency on the part of provinces and municipalities to spend too much money. The moment he takes that view he is on the way to thinking in line with the views I have expressed here from time to time. To my mind tax rental agreements are in essence wrong unless there is some supervening emergency that requires the sort of administration that we had during the war, when the purpose was to force everything in the way of availability of revenue into the federal authority, which in turn would hand out minimums to the provinces. But if you look at the financial records of the various provincial governments, you will see that notwithstanding the moneys which are paid to them under the tax rental agreements, many of them are increasing their capital debt. As I

said on a previous occasion, where you have the federal authority levying taxes for the purpose of getting money to hand over to a province, you have a negation of the principle of democracy and the theory of government, as I understand it.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Hayden: I think that if the provinces had to raise their own revenues they would be very careful and very much concerned about levying taxes. But they turn to dad or grandad in Ottawa and rail at him that he is not giving them enough money and complain that that is why they are increasing their borrowing. I think that in provincial government administration, as in federal government administration, there should be a little bit of thrift, and the only way to get it is by the provinces having direct responsibility for taxation. Let the Government of the province of Ontario, for instance, levy taxes for the purpose for which it needs money, and borrow if it needs additional money for capital purposes. If that were done expenditures would be closely scrutinized not only by the government of the day but by the people who were carrying the direct burden of taxation. But under the existing system the provinces are yelling all the time for more money from the federal authority. I would say, as I have said on previous occasions, that federal income taxes and corporation taxes could be substantially reduced if the provinces were left to collect their own taxes. Then the responsibility of the federal Government would be to deal with those provinces which are in a less favourable position by supplementing the revenue which they are able to collect directly from their own people through taxes. In that way you would restore the real theory of responsible government. If my province of Ontario appropriates money to be spent, it should have the responsibility of raising the money. As a citizen of and resident in Ontario, I feel there would be a greater sense of responsibility afoot if those who are spending the money had to impose the taxes to provide it.

So I say that the theory of tax rental agreements is all wrong as a general principle. You only have to look at the history of it to know that it is wrong. Increased amounts go to the provinces every time the agreements come up for consideration. Demands are even now being made for still more money on the part of the provinces, and I think that trend is going to continue. The only way to stop it and get back on the basis which to me is the only proper basis of government is to do away with the tax rental agreements as such. I think we should leave these tax fields to the provinces. If that were done the provincial legislators would have to settle with their voters, and their voters would be much more alert to what government is costing them if there was a strict relationship between spending and taxing by the provincial authority.

Hon. Mr. Burchill: Will the honourable senator permit a question? I have been listening to him with the greatest of interest, but do I understand him to say that he favours a plan which would permit the provinces in which our great national business corporations have their head offices to benefit from the entire tax which those companies pay instead of sharing it with other provinces in which those companies do a tremendous business?

Hon. Mr. Hayden: My friend has posed a question that is the usual question put on occasions of this kind. There are two answers that can be given to it. First of all, I am not proposing any system by which some provinces would collect taxes from the operations of large businesses within their boundaries while less fortunate provinces would have to take whatever crumbs might fall. I tried to make it clear earlier that I thought the line of demarcation should be drawn between tax rental agreements and the assistance which the federal authority should give to those provinces that have not very valuable sources of taxation. I say that tax rental agreements as such are wrong in principle.

Hon. Mr. Dupuis: Where will the federal Government raise the money? Will it have to impose new taxes?

Hon. Mr. Brunt: That is the $64 question.

Hon. Mr. Hayden: I believe I could make a smart answer, which I should not do. There is only one place where it can get taxes, and that is from the taxpayers. But what I say is that if there were no tax rental agreements, notwithstanding the fact that the federal authority would contribute to make up the differences between what the less fortunate provinces needed and what they themselves were able to collect, the rate of federal income tax, on both personal and corporation income, would be quite substantially lower than it is at present. Why should we live in this unrealistic situation where the federal authority is raising the money and turning it over to the provinces? Nothing that I have suggested would leave the less fortunate provinces in a position of want. The Government would still be able to impose taxes and raise the revenue it needs, but my submission is that it would not need to raise as much revenue if it abandoned this theory of tax rental agreements, yet it would still be able to take care of the obligations that should properly be taken care of in regard to those provinces that have not the valuable sources

of tax revenues that other provinces have. I think the principle behind my suggestion is sound, and that there would result a healthier and more wholesome administration so far as spending is concerned and so far as taxing is concerned if the people who are spending, and who have to get elected to office in order to be able to command the spending, had to impose the taxes to get the revenue. There would then be that direct relationship of responsibility between the voter and the person that he is putting into office to raise and to spend the money for purposes of the province.

Hon. Vincent Dupuis: Honourable senators, I would like to tell this honourable house how interesting I have found the speeches to which we have just listened. This is a vital question, dealing as it does with the financial relationship between the provinces and the federal Government. Some provincial prime ministers have said that the federal Government is invading their field of taxation, and that they have no right to do this under the British North America Act. On the other hand, the federal Government asks "Where shall we get the money to fill the gap created by all the social legislation expenditures?" That is a very big problem indeed. We know very well that the Prime Minister of my province of Quebec, in insisting on his right to collect these taxes—and I am all for it—is basing himself on the terms of the British North America Act.

As the honourable senior senator from Winnipeg (Hon. Mr. Haig) so eloquently said, there must be an end to asking the federal Government to impose tax after tax to meet the ever increasing demands of the people.

This difficult question of the financial relationship between the provinces and the federal Government should be studied very thoroughly, and I suggest it be done by a committee of the Senate. We have here a body of honourable members drawn from all fields of human activity. We have distinguished legists, farmers, industrialists, men of many qualifications, and notwithstanding what has appeared in the press or elsewhere I believe that the Senate comprises some of the ablest people of this country.

Hon. Mr. Brunt: We all agree to that.

Hon. Mr. Dupuis: So why should the Government not refer this question of the financial relationship between the federal and provincial Governments to a committee of the Senate, with power to call witnesses from any of the provinces to obtain their opinions? I am sure, honourable senators, that such a body could study this question very thoroughly and with the prospect of finding a suitable solution.

Motion agreed to and bill read second time.

66972-1—56

REFERRED TO COMMITTEE

On motion of Hon. Mr. Brunt, motion referred to Standing Committee on Banking and Commerce.

CANADA-NOVA SCOTIA INDIAN RESERVES AGREEMENT BILL

SECOND READING

Hon. R. B. Horner moved the second reading of Bill S-25, to confirm an agreement between the Government of Canada and the Government of the Province of Nova Scotia respecting Indian reserves.

He said: Honourable senators, on February 12 we passed a similar bill—Bill S-6—in connection with Indian Reserves in the province of New Brunswick. The purpose of the present bill is to ratify and confirm an agreement made on April 14, 1959 between the Governments of Canada and of Nova Scotia in relation to lands forming part of Indian reserves in the province of Nova Scotia. During the debate on the second reading of Bill S-6 the honourable Leader of the Government (Hon. Mr. Aseltine) mentioned that the problem it was designed to overcome existed also in Nova Scotia, where a similar agreement was under negotiation and, it was expected, would be signed shortly. The agreements are identical in form and consequence. The commentary supplied in connection with Bill S-6 and the remarks made during consideration of the bill by the Senate apply generally to the present bill. The important feature of both agreements is that they overcome problems which have been outstanding for many years, and will enable the Government of Canada at the request of the Indians in their respective provinces to lease or sell on their behalf such unrequired portions of Indian reserves land as the Indians may be disposed to surrender for the purpose.

I have looked at some of the questions which were asked in respect of the previous bill, and I find that there were no alterations made in the committee stage or later. This bill explains itself, and I do not see any object in referring it to committee. Possibly the Senate would be willing to give it third reading tonight.

Hon. F. Elsie Inman: Honourable senators, the honourable senator from Blaine Lake (Hon. Mr. Horner) has clearly and ably explained this bill, so I need not speak at any length.

There are eleven Indian bands in Nova Scotia and Cape Breton. These are bands of the MicMac Tribe, with a population in 1958 of 3,435 persons, distributed over 40 reserves, comprising 19,492 acres of land.

Formerly these early citizens of Nova Scotia procured the necessities of life by hunting, fishing and engaging in agriculture to some degree, so that it was necessary, when they surrendered their land under the treaty of the early 1800's, to set aside large tracts of land as Indian reserves in order that they might still provide some part of their living by these methods. Today they pursue a different way of life. Many, if not most, of the old customs have disappeared, and they have to a great extent adopted the activities and habits of the white man.

Responsibility for administering Indian affairs is now a federal matter. The relevant federal agency is today the Indian Affairs Branch of the Department of Citizenship and Immigration.

Historically, relations between Indians and white men were handled first by captains of exploring vessels, and in the days of early settlement they were largely a matter for the responsible governors in Acadia and Quebec. In general terms, the relations between Indians and French under the old régime were of a somewhat informal nature, with close associations. Treaties were made with individual chiefs as circumstances demanded, but little attention was paid to the legal rights of the Indians. In 1830 Indian affairs were transferred by the Secretary of State for the Colonies to the civil authorities in Upper and Lower Canada. After the Union of the two Canadas in 1841 the two departments were combined under one authority.

Early in the settlement of North America the British recognized an Indian title, or interest, in the soil; it could be parted with or extinguished only by agreement with the Indians, and then only to the Crown. This gave rise to the practice of making agreements, or treaties, as they were afterwards called, with various Indian tribes.

The Royal Proclamation of 1763 provided that no Indian could be dispossessed of his land without his consent and the consent of the Crown. In accordance with this principle, treaties have been made with Indian tribes during the opening up of the country for settlement. In general the terms were that, in recognition of the surrendering of Indian interest in the soil, the Crown undertook to set aside reserves and provide other benefits, such as cash payments, annuities, educational facilities and other considerations.

The Indian started losing mastery of the land over three hundred years ago. He gained many benefits, it is true, but he lost the Indian way of life.

After the last World War Indian lands which had been previously surrendered and which were not in use and were non-producing came in for some attention from the Governments of the provinces and the federal Government on account of the great expansion in economic development. It was realized that these idle but usable lands could be used, brought into production and thus contribute to the increasing prosperity of the country. Also it was considered easier to administer all Indian affairs from the Department at Ottawa than by the province. Sometimes these tracts were sold and the proceeds of such sales were credited to the band.

In order to legalize these proceedings, and to give clear titles to these surrendered lands, the matter had to go to the Judicial Committee of the Privy Council. By virtue of the decision of the Judicial Committee it has become possible for certain tracts of land in Nova Scotia to be transferred to and vested in Canada. This is the purpose of the bill, and I am very glad to support it.

Hon. A. K. Hugessen: Honourable senators, I recall an occasion early this session when we considered a similar bill in connection with certain Indian lands in the province of New Brunswick. As I recall it, the purpose of the bill at that time—as it is the purpose of the present bill—was to confirm an agreement entered into between the federal Govenrment and a provincial government, in this case the Government of Nova Scotia, to rectify some defects which appear to have been found in the titles to some lands that have been conveyed to various individuals by the federal Government.

I just have one question to ask the honourable senator who introduced the bill, and one suggestion to make to him. I notice that the agreement which it is the purpose of this bill to ratify is to come into effect only upon approval of the Parliament of Canada and of the Legislature of Nova Scotia. May I ask my honourable friend, has the province of Nova Scotia as yet approved this agreement?

Hon. Mr. Horner: My understanding is that it has.

Hon. Mr. Aseltine: Yes, it has.

Hon. Mr. Hugessen: That answers the question I had to ask.

My honourable friend suggested that the bill might be given third reading right away, without being referred to a committee. That may be possible, but, after all, this bill deals basically with Indian lands, and I think we have to be extremely careful to see that everybody's rights are preserved. I would prefer to have the bill go to a committee, and make sure from the observations we get from the officials of the department that

there is no attempt to deprive any person of any rights he might have in these lands. The only reason I make this observation is that on several occasions in the past we have had before us innocent looking bills for taking certain lands out of national parks for what we were told was the most innocuous purpose. I think in all matters connected with such lands we should act very carefully, and not pass a bill through second and third readings without sending it to a committee and making certain that everybody's rights are protected.

Hon. Mr. Horner: May I apologize for my suggestion? I merely wished to take advantage of the absence of the honourable senator from New Westminster (Hon. Mr. Reid).

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Horner, bill referred to Standing Committee on Natural Resources.

The Senate adjourned until tomorrow at 3 p.m.

66972-1—56½

APPENDIX

(*See p. 864*)

INTERNATIONAL WHEAT AGREEMENT 1959

As adopted at the Final Plenary Session of the United Nations Wheat Conference 1958-59 held at Geneva on March 10, 1959

Opened for Signature at Washington, D.C., on April 6, 1959

INTERNATIONAL WHEAT AGREEMENT 1959

The Governments signatory to this Agreement,

Considering that the International Wheat Agreement 1949 was revised and renewed in 1953 and 1956, and

Considering that the International Wheat Agreement 1956 expires on 31 July 1959 and that it is desirable to conclude a new Agreement for a further period;

Have agreed as follows:

PART I—GENERAL

ARTICLE 1

Objectives

The objectives of this Agreement are:—

(a) to assure supplies of wheat and wheat-flour to importing countries and markets for wheat and wheat-flour to exporting countries at equitable and stable prices;

(b) to promote the expansion of the international trade in wheat and wheat-flour and to secure the freest possible flow of this trade in the interests of both exporting and importing countries;

(c) to overcome the serious hardship caused to producers and consumers by burdensome surpluses and critical shortages of wheat;

(d) to encourage the use and consumption of wheat and wheat-flour generally, and in particular, so as to improve health and nutrition, in countries where the possibility of increased consumption exists; and

(e) in general to further international co-operation in connexion with world wheat problems, recognizing the relationship of the trade in wheat to the economic stability of markets for other agricultural products.

ARTICLE 2

Definitions

For the purposes of this Agreement:

(1) "Advisory Committee on Price Equivalents" means the Committee established under Article 30.

"Balance of Commitment" means the amount of wheat which an exporting country is obliged to make available at not greater than the maximum price under Article 5, that is, the amount by which its datum quantity with respect to importing countries exceeds the actual commercial purchases from it by those countries in the crop year at the relevant time.

"Balance of Entitlement" means the amount of wheat which an importing country is entitled to purchase at not greater than the maximum price under Article 5, that is, the amount by which its datum quantity with respect to the exporting country or countries concerned, as the context requires, exceeds its actual commercial purchases from those countries in the crop year at the relevant time.

"Bushel" means sixty pounds avoirdupois or 27.2155 .... kilogrammes.

"Carrying charges" means the costs incurred for storage, interest and insurance in holding wheat.

"C. & f." means cost and freight.

"Council" means the International Wheat Council established by Article 22.

"Crop year" means the period from 1 August to 31 July.

"Datum quantity" means:

(a) in the case of an exporting country the average annual commercial purchases from that country by importing countries during the years determined under Article 14.

(b) in the case of an importing country the average annual commercial purchases from exporting countries or from a particular exporting country, as the context requires, during the years determined under Article 14.

"Executive Committee" means the Committee established under Article 29.

"Exporting country" means, as the context requires, either (i) the Government of a country listed in Article 24 which has accepted or acceded to this Agreement and has not withdrawn therefrom, or (ii) that country itself and the territories in respect of which the rights and obligations of its Government under this Agreement apply.

"F.a.q." means fair average quality.

"F.o.b." means free on board ocean vessel or sea-going vessel, as the case may be, and in the case of French wheat delivered at a Rhine port, free on board river craft.

"Importing country" means, as the context requires, either (i) the Government of a country listed in Article 25 which has accepted or acceded to this Agreement and has not

withdrawn therefrom, or (ii) that country itself and the territories in respect of which the rights and obligations of its Government under this Agreement apply.

"Marketing costs" means all usual charges incurred in marketing, chartering, and forwarding.

"Maximum price" means the maximum prices specified in or determined under Article 6 or one of those prices, as the context requires.

"Maximum price declaration" means a declaration made in accordance with Article 13.

"Metric ton", or 1,000 kilogrammes, means 36.74371 bushels.

"Minimum price" means the minimum prices specified in or determined under Article 6 or one of those prices, as the context requires.

"Price range" means prices between the minimum and maximum prices specified in or determined under Article 6, including the minimum prices but excluding the maximum prices.

"Purchase" means a purchase for import of wheat exported or to be exported from an exporting country or from other than an exporting country, as the case may be, or the quantity of such wheat so purchased, as the context requires. Where reference is made in this Agreement to a purchase, it shall be understood to refer not only to purchases concluded between the Governments concerned but also to purchases concluded between private traders and to purchases concluded between a private trader and the Government concerned. In this definition "Government" shall be deemed to include the Government of any territory in respect of which the rights and obligations of any Government accepting or acceding to this Agreement apply under Article 37.

"Territory" in relation to an exporting or importing country includes any territory in respect of which the rights and obligations under this Agreement of the Government of that country apply under Article 37.

"Wheat" includes wheat grain and, except in Article 6, wheat-flour.

(2) All calculations of the wheat equivalent of purchases of wheat-flour shall be made on the basis of the rate of extraction indicated by the contract between the buyer and the seller. If no such rate is indicated, seventy-two units by weight of wheat-flour shall, for the purpose of such calculations, be deemed to be equivalent to one hundred units by weight of wheat grain unless the Council decides otherwise.

ARTICLE 3

Commercial Purchases and Special Transactions

(1) A commercial purchase for the purposes of this Agreement is a purchase as defined in Article 2 which conforms to the usual commercial practices in international trade and which does not include those transactions referred to in paragraph (2) of this Article.

(2) A special transaction for the purposes of this Agreement is one which, whether or not within the price range, includes features introduced by the Government of a country concerned which do not conform with usual commercial practices.

(3) In particular, the following transactions, to the extent to which they conform with the provisions of paragraph (2) of this Article, shall be regarded as special transactions:

(a) sales on long term credit resulting from government intervention;
(b) sales under tied government loans;
(c) sales for inconvertible currency;
(d) barter transactions;
(e) bilateral trading agreements;
(f) gifts or grants.

(4) The Council shall adopt such rules of procedure prescribing the categories of transactions within the meaning of paragraphs (2) and (3) of this Article as may be appropriate.

PART II—RIGHTS AND OBLIGATIONS

ARTICLE 4

Purchases within the Price Range

(1) Each importing country undertakes that not less than the percentage specified for that country in the Annex to this Agreement of its total commercial purchases of wheat in any crop year shall be purchased from exporting countries in that year at prices within the price range.

(2) Exporting countries undertake, in association with one another, that at prices within the price range wheat from their countries shall be made available for purchase by importing countries in a crop year in quantities sufficient to satisfy the commercial requirements of those countries.

(3) For the purposes of this Agreement, except as provided in Article 5, any wheat purchased from an importing country by a second importing country which originated during that crop year from an exporting country shall be deemed to have been purchased from that exporting country by the second importing country. Subject to the provisions of Article 18, this paragraph shall apply to wheat-flour only if the wheat-flour originated from the exporting country concerned.

ARTICLE 5

Purchases at the Maximum Price

(1) If the Council makes a maximum price declaration in respect of an exporting country, that country shall make available for purchase by importing countries at not greater than the maximum price its balance of commitment towards those countries to the extent that the balance of entitlement of any importing country with respect to all exporting countries is not exceeded.

(2) If the Council makes a maximum price declaration in respect of all exporting countries, each importing country shall be entitled, while the declaration is in effect,

(a) to purchase from exporting countries at prices not greater than the maximum price its balance of entitlement with respect to all exporting countries; and

(b) to purchase wheat from any source without being regarded as committing any breach of paragraph (1) of Article 4.

(3) If the Council makes a maximum price declaration in respect of one or more exporting countries, but not all of them, each importing country shall be entitled while the declaration is in effect,

(a) to make purchases under paragraph (1) of this Article from such one or more exporting countries and to purchase the balance of its commercial requirements within the price range from the other exporting countries, and

(b) to purchase wheat from any source without being regarded as committing any breach of paragraph (1) of Article 4 to the extent of its balance of entitlement with respect to such one or more exporting countries as at the effective date of the declaration provided such balance is not larger than its balance of entitlement with respect to all exporting countries.

(4) Purchases by any importing country from an exporting country in excess of the balance of entitlement of that importing country with respect to all exporting countries shall not reduce the obligation of that exporting country under this Article. The provisions of paragraph (3) of Article 4 shall apply also to this Article provided the balance of entitlement of any importing country with respect to all exporting countries is not thereby exceeded.

(5) In determining whether it has fulfilled its required percentage under paragraph (1) of Article 4, purchases made by any importing country while a maximum price declaration is in effect, subject to the limitations in paragraphs (2) (b) and (3) (b) of this Article,

(a) shall be taken into account if those purchases were made from any exporting country, including an exporting country in respect of which the declaration was made, and

(b) shall be entirely disregarded if those purchases were made from a country other than an exporting country.

ARTICLE 6

Prices

(1) (a) The basic minimum and maximum prices for the duration of this Agreement shall be:

Minimum $1.50
Maximum $1.90

Canadian currency per bushel at the parity for the Canadian dollar, determined for the purposes of the International Monetary Fund as at 1 March 1949, for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur. The basic minimum and maximum prices, and the equivalents thereof hereafter referred to, shall exclude such carrying charges and marketing costs as may be agreed between the buyer and the seller.

(b) Carrying charges as agreed between the buyer and seller may accrue for the buyer's account only after an agreed date specified in the contract under which the wheat is sold.

(2) The equivalent maximum price for bulk wheat for:

(a) No. 1 Manitoba Northern wheat in store Vancouver shall be the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article;

(b) No. 1 Manitoba Northern wheat f.o.b. Port Churchill, Manitoba, shall be the price equivalent to the c. & f. price in the country of destination of the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, computed by using currently prevailing transportation costs and exchange rates;

(c) Argentine wheat in store ocean ports shall be the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, converted into Argentine currency at the prevailing rate of exchange, making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned;

(d) f.a.q. Australian wheat in store ocean ports shall be the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, converted into Australian currency at the prevailing rate of

exchange, making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned;

(e) French wheat on sample or on description f.o.b. French ports or at the French border (whichever is applicable) shall be the price equivalent to the c. & f. price in the country of destination, or the c. & f. price at an appropriate port for delivery to the country of destination, of the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, computed by using currently prevailing transportation costs and exchange rates and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned;

(f) Italian wheat on sample or on description f.o.b. Italian ports or at the Italian border (whichever is applicable) shall be the price equivalent to the c. & f. price in the country of destination, or the c. & f. price at an appropriate port for delivery to the country of destination, of the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, computed by using currently prevailing transportation costs and exchange rates and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned;

(g) (i) Mexican wheat on sample or on description f.o.b. Mexican Gulf ports or at the Mexican border (whichever is applicable) shall be the price equivalent to the c. & f. price in the country of destination of the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, computed by using currently prevailing transportation costs and exchange rates and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned;

(ii) Mexican wheat on sample or on description in store Mexican Pacific ports shall be the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, converted into Mexican currency at the prevailing rate of exchange, making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned;

(h) Spanish wheat on sample or on description f.o.b. Spanish ports or at the Spanish border (whichever is applicable) shall be the price equivalent to the c. & f. price in the country of destination, or the c. & f. price at an appropriate port of delivery to the country of destination, of the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, computed by using currently prevailing transportation costs and exchange rates and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned;

(i) Swedish wheat on sample or on description f.o.b. Swedish ports between Stockholm and Gothenburg, both included, shall be the price equivalent to the c. & f. price in the country of destination of the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, computed by using currently prevailing transportation costs and exchange rates and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned;

(j) No. 1 Hard Winter wheat f.o.b. Gulf/Atlantic ports of the United States of America shall be the price equivalent to the c. & f. price in the country of destination of the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, computed by using currently prevailing transportation costs and exchange rates and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned; and

(k) No. 1 Soft White wheat or No. 1 Hard Winter wheat in store Pacific ports of the United States of America shall be the maximum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, computed by using the prevailing rate of exchange and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned.

(3) The equivalent minimum price for bulk wheat for:

(a) No. 1 Manitoba Northern wheat f.o.b. Vancouver,

(b) No. 1 Manitoba Northern wheat f.o.b. Port Churchill, Manitoba,

(c) Argentine wheat f.o.b. Argentina,

(d) f.a.q. wheat f.o.b. Australia,

(e) French wheat on sample or on description f.o.b. French ports, or at the French border (whichever is applicable),

(f) Italian wheat on sample or on description f.o.b. Italian ports, or at the Italian border (whichever is applicable),

(g) Mexican wheat on sample or on description f.o.b. Mexican ports, or at the Mexican border (whichever is applicable),

(h) Spanish wheat on sample or on description f.o.b. Spanish ports, or at the Spanish border (whichever is applicable),

(i) Swedish wheat on sample or on description f.o.b. Swedish ports between Stockholm and Gothenburg, both included,

(j) No. 1 Hard Winter wheat f.o.b. Gulf/Atlantic ports of the United States of America, and

(k) No. 1 Soft White wheat or No. 1 Hard Winter wheat f.o.b. Pacific ports of the United States of America,

shall be respectively:

the f.o.b. price Vancouver, Port Churchill, Argentina, Australia, French ports, Italian ports, Mexican ports, Spanish ports, Swedish ports between Stockholm and Gothenburg, both included, United States of America Gulf/Atlantic ports and the United States of America Pacific ports equivalent to the c. & f. price in the United Kingdom of Great Britain and Northern Ireland of the minimum price for No. 1 Manitoba Northern wheat in bulk in store Fort William/Port Arthur specified in paragraph (1) of this Article, computed by using currently prevailing transportation costs and exchange rates and by making such allowance for difference in quality as may be agreed between the exporting country and the importing country concerned.

(4) For the period of closed navigation bebeen Fort William/Port Arthur and the Canadian Atlantic ports, equivalent maximum and minimum prices shall be determined by reference only to the lake and rail movement of wheat from Fort William/Port Arthur to Canadian winter ports.

(5) The Executive Committee may in consultation with the Advisory Committee on Price Equivalents, determine the minimum and maximum price equivalents for wheat at points other than those specified above and may also designate any description, type, class or grade of wheat other than those specified in paragraphs (2) and (3) above and determine the minimum and maximum price equivalents thereof; provided that, in the case of any other wheat the price equivalent of which has not yet been determined, the minimum and maximum prices for the time being shall be derived from the minimum and maximum prices of the description, type, class or grade of wheat specified in this article, or subsequently designated by the Executive Committee in consultation with the Advisory Committee on Price Equivalents, which is most closely comparable to such other wheat by the addition of an appropriate premium or by the deduction of an appropriate discount.

(6) If any exporting or importing country represents to the Executive Committee that any price equivalent established under paragraph (2), (3) or (5) of this Article is, in the light of current transportation or exchange rates or market premiums or discounts, no longer fair, the Executive Committee shall consider the matter and may, in consultation with the Advisory Committee on Price Equivalents, make such adjustment as it considers desirable.

(7) In establishing equivalent minimum and maximum prices under paragraph (2), (3), (5) or (6) above and subject to the provisions of Article 15 relating to durum wheat, no allowance for difference in quality shall be made which would result in the equivalent minimum and maximum price of wheat of any description, type, class or grade being fixed at a level higher than the basic minimum or maximum price, respectively, specified in paragraph (1) above.

(8) If a dispute arises as to what premium or discount is appropriate for the purposes of paragraphs (5) and (6) of this Article in respect of any description of wheat specified in paragraph (2) or (3) or designated under paragraph (5) of this Article, the Executive Committee, in consultation with the Advisory Committee on Price Equivalents, shall on the request of the exporting or importing country concerned decide the issue.

(9) All decisions of the Executive Committee under paragraphs (5), (6) and (8) of this Article shall be binding on all exporting and importing countries, provided that any of those countries which considers that any such decision is disadvantageous to it may ask the Council to review that decision.

ARTICLE 7

Action by the Council at or Approaching the Minimum Price

(1) If any exporting country is making wheat of any class, type or grade available for purchase by importing countries at prices not greater than the minimum price, or if such a situation appears likely to arise, the Council shall as soon as possible thereafter meet to consider the situation in the light of the rights and obligations of exporting and importing countries. It may make such recommendations as it considers appropriate regarding the manner in which those rights and obligations shall be fulfilled in these circumstances.

(2) If any exporting or importing country considers that by reason of a serious fall in the price of wheat of any class, type or grade, a situation has arisen or threatens imminently to arise which appears likely to jeopardize the objectives of the Agreement

with regard to the minimum price, it may refer the matter to the Council. The Council may, in the light of advice received from the Advisory Committee on Price Equivalents, make recommendations to exporting and importing countries with regard to action which it considers necessary to meet the situation.

(3) The Advisory Committee shall advise the Chairman of the Council whenever in its opinion circumstances exist which are likely to or require that a meeting of the Council be convened under paragraph (1) or (2) of this Article. If any such meeting is convened under those paragraphs or by the Chairman, the Advisory Committee shall present to the Council all relevant information in addition to such advice as it may have given in accordance with paragraph (3) of Article 30.

ARTICLE 8

Countries both Exporters and Importers of Wheat

(1) For the duration of this Agreement and for the purposes of its application, a country listed in Article 24 shall be regarded as an exporting country and a country listed in Article 25 shall be regarded as an importing country.

(2) Any country listed in Article 25 which makes wheat available for purchase by any exporting or importing country shall endeavour so far as possible to do so at prices consistent with the price range and, in making such wheat available for purchase, to avoid taking any action which would be prejudicial to the operation of this Agreement.

(3) Any country listed in Article 24 which desires to purchase wheat shall endeavour so far as possible to purchase its requirements from exporting countries at prices within the price range and, in meeting its requirements, to avoid taking any action which would be prejudicial to the operation of this Agreement.

PART III—ADJUSTMENTS

ARTICLE 9

Adjustment in case of Short Crop

(1) Any exporting country which fears that it may be prevented by a short crop from carrying out its obligations under this Agreement in respect of a particular crop year shall report the matter to the Council at the earliest possible date and apply to the Council to be relieved of a part or the whole of its obligations for that crop year. An application made to the Council pursuant to this paragraph shall be heard without delay.

(2) The Council shall, in dealing with a request for relief under this Article, adhere to the principle that the exporting country concerned will, to the maximum extent feasible, make wheat available for purchase to meet its obligations under this Agreement.

(3) The Council shall, in dealing with the request for relief, review the exporting country's supply situation including the extent to which the exporting country has observed the principle stated in paragraph (2) of this Article.

(4) If the Council finds that the country's representations are well founded, it shall decide to what extent and on what conditions that country shall be relieved of its obligations for the crop year concerned. The Council shall inform the exporting country of its decision.

(5) If the Council decides that the exporting country shall be relieved of the whole part of its obligations under Article 5 for the crop year concerned, the Council shall increase the datum quantities of the other exporting countries to the extent agreed by each of them. If such increases do not offset the relief granted under paragraph (4), it shall reduce by the amount necessary the datum quantities of the importing countries to the extent agreed by each of them.

(6) If the relief granted under paragraph (4) cannot be entirely offset by measures taken under paragraph (5), the Council shall reduce pro rata the datum quantities of the importing countries, account being taken of any reductions under paragraph (5).

(7) If the datum quantity of an exporting country is reduced under paragraph (4), the amount of such reduction shall be regarded for the purpose of establishing its datum quantitiy and that of all other exporting countries in subsequent crop years as having been purchased from that exporting country in the crop year concerned. In the light of the circumstances, the Council shall determine whether any adjustment shall be made, and if so in what manner, for the purpose of establishing the datum quantities of importing countries in such subsequent crop years as a result of the operation of this paragraph.

(8) If the datum quantity of an importing country is reduced under paragraphs (5) or (6) of this Article to offset the relief granted to an exporting country under paragraph (4), the amount of such reduction shall be regarded as having been purchased in the crop year concerned from that exporting country for the purposes of establishing the datum quantity of that importing country in subsequent crop years.

ARTICLE 10

Adjustment in Case of Necessity to Safeguard Balance of Payments or Monetary Reserves

(1) Any importing country which fears that it may be prevented by the necessity to

safeguard its balance of payments or monetary reserves from carrying out its obligations under this Agreement in respect of a particular crop year shall report the matter to the Council at the earliest possible date and apply to the Council to be relieved of a part or the whole of its obligations for that crop year. An application made to the Council pursuant to this paragraph shall be heard without delay.

(2) If an application is made under paragraph (1), the Council shall seek and take into account, together with all facts which it considers relevant, the opinion of the International Monetary Fund, as far as the matter concerns a country which is a member of the Fund, on the existence and extent of the necessity referred to in that paragraph.

(3) The Council shall, in dealing with a request for relief under this Article, adhere to the principle that the country concerned will to the maximum extent feasible make purchases to meet its obligations under this Agreement.

(4) If the Council finds that the representations of the importing country concerned are well founded, it shall decide to what extent and on what conditions that country shall be relieved of its obligations for the crop year concerned. The Council shall inform the importing country of its decision.

ARTICLE 11

Adjustments and Additional Purchases in Case of Critical Need

(1) If a critical need has arisen or threatens to arise in its territory, an importing country may appeal to the Council for assistance in obtaining supplies of wheat. With a view to relieving the emergency created by the critical need, the Council shall give urgent consideration to the appeal and shall make appropriate recommendations to exporting and importing countries regarding the action to be taken by them.

(2) In deciding what recommendation should be made in respect of an appeal by an importing country under the preceding paragraph, the Council shall have regard to its actual commercial purchases from exporting countries or to the extent of its obligations under Article 4 of this Agreement, as may appear appropriate in the circumstances.

(3) No action taken by an exporting or importing country pursuant to a recommendation made under paragraph (1) of this Article shall affect the datum quantity of any exporting country in subsequent crop years.

ARTICLE 12

Adjustments by Consent

(1) An exporting country may transfer part of its balance of commitment to another exporting country, and an importing country may transfer part of its balance of entitlement to another importing country for a crop year, subject to approval by the Council by a majority of the votes cast by the exporting countries and a majority of the votes cast by the importing countries.

(2) Any importing country may at any time, by written notification to the Council, increase its percentage undertaking referred to in paragraph (1) of Article 4 and such increase shall become effective from the date of receipt of the notification.

(3) The datum quantity of any country acceding under Article 35 (4) of this Agreement shall be offset, if necessary, by appropriate adjustments by way of increase or decrease in the datum quantities of one or more exporting or importing countries, as the case may be. Such adjustments shall not be approved unless each exporting or importing country whose datum quantity is thereby changed has consented.

PART IV—ADMINISTRATION OF RIGHTS AND OBLIGATIONS

ARTICLE 13

Maximum Price Declarations

(1) As soon as its wheat of any class, type or grade other than durum wheat is made available for purchase by importing countries at prices not less than the maximum price, an exporting country shall notify the Council to that effect. On receipt of such notification, the Executive Secretary, acting on behalf of the Council, shall make a declaration accordingly, referred to in this Agreement as a maximum price declaration. The Executive Secretary shall communicate that maximum price declaration to all exporting and importing countries as soon as possible after it has been made.

(2) As soon as its wheat of all classes, types or grades other than durum wheat is again made available for purchase by importing countries at prices less than the maximum price, an exporting country shall notify the Council to that effect. Thereupon, the Executive Secretary, acting on behalf of the Council, shall terminate the maximum price declaration in respect of that country by making a further declaration accordingly. He shall communicate such further declaration to all exporting and importing countries as soon as possible after it has been made.

(3) The Council shall, in its rules of procedure, prescribe regulations to give effect to paragraphs (1) and (2) of this Article, including regulations determining the effective date of any declaration made under this Article.

(4) If, at any time, in the opinion of the Executive Secretary an exporting country has failed to make a notification under paragraph (1) or (2) of this Article or has made an incorrect notification, he shall, without prejudice in the latter case to the provisions of paragraph (1) or (2), convene a meeting of the Advisory Committee on Price Equivalents. If the Advisory Committee advises either under this paragraph or in accordance with Article 30 that a declaration under paragraph (1) or (2) should be or should not have been made, as the case may be, the Executive Committee may make a declaration accordingly or cancel any declaration then in effect, whichever may be appropriate.

(5) Any declaration made under this Article shall specify the crop year or crop years to which it relates, and this Agreement shall apply accordingly.

(6) If any exporting or importing country considers that a declaration under this Article should be or should not have been made, as the case may be, it may refer the matter to the Council. If the Council finds that the representations of the country concerned are well founded, it shall make or cancel a declaration accordingly.

(7) Any declaration made under paragraphs (1), (2) or (4) which is cancelled in accordance with this Article shall be regarded as having full force and effect until the date of its cancellation, and such cancellation shall not affect the validity of anything done under the declaration prior to its cancellation.

ARTICLE 14

Establishment of Datum Quantities

(1) Datum quantities as defined in Article 2 shall be established for the first crop year of this Agreement with reference to the first four of the immediately preceding five crop years and, for each succeeding crop year, with respect to the first five of the immediately preceding six crop years.

(2) Before the beginning of each crop year, the Council shall establish for that crop year the datum quantity of each exporting country with respect to all importing countries and the datum quantity of each importing country with respect to all exporting countries and to each such country.

(3) The datum quantities established in accordance with the preceding paragraph shall be re-established whenever a change in the membership of this Agreement occurs, regard being had where appropriate to any conditions of accession prescribed by the Council under Article 35.

ARTICLE 15

Recording of Purchases and Special Transactions, and Statement of Balances

(1) For the purposes of the operation of this Agreement, including the establishment of the total commercial purchases of importing countries under Article 4 (1) and the establishment of datum quantities of exporting and importing countries in subsequent crop years under Article 14, the Council shall keep records for each crop year of all commercial purchases made by importing countries from all sources and of all such purchases made from exporting countries.

(2) The Council shall also keep records so that at all time during a crop year a statement of the balance of commitment of each exporting country with respect to all importing countries and of the balance of entitlement of each importing country with respect to all exporting countries and to each such country is maintained. Statements of such balances shall, at intervals prescribed by the Council, be circulated to all exporting and importing countries.

(3) For the purposes of paragraph (2) of this Article and of Article 4 (1), commercial purchases by an importing country from an exporting country entered in the Council's records shall also be entered as against the obligations of exporting and importing countries under Articles 4 and 5 of this Agreement, or those obligations as adjusted under other Articles of this Agreement, if the loading period falls within the crop year and

(a) in the case of importing countries, the purchases are at prices not less than the minimum price, and

(b) in the case of exporting countries, the purchases are at prices within the price range including, for the purposes of Article 5, the maximum price. However, if the importing and exporting country concerned so agree, purchases at prices above the maximum price shall also be entered as against the obligations of that exporting country. If any country considers its interests prejudiced by any such particular purchase, it may refer the matter to the Council which shall decide the issue.

Commercial purchases of wheat-flour entered in the Council's records shall also be entered as against the obligations of exporting and importing countries under the same conditions, provided that the price of such wheat-flour is consistent with a price of wheat

which may be entered under this paragraph. In the case of durum wheats, a purchase entered in the Council's records shall count under this paragraph whether or not the price is within the price range.

(4) A purchase of wheat from an exporting country shall be eligible for entry in the Council's records in accordance with this Article, nothwithstanding that the purchase has been made before the deposit of the instrument of acceptance of or accession to this Agreement by the country concerned.

(5) Provided that the conditions prescribed in paragraph (3) of this Article are satisfied, the Council may authorize purchases to be recorded for a crop year if (a) the loading period involved is within a reasonable time up to one month, to be decided by the Council, before the beginning or after the end of that crop year, and (b) the exporting and importing country concerned so agree.

(6) For the period of closed navigation between Fort William/Port Arthur and the Canadian Atlantic ports, a purchase shall, notwithstanding the provisions of paragraph (4) of Article 6, be eligible for entry in the Council's records against the obligations of the exporting country and the importing country concerned in accordance with this Article if it relates to

(a) Canadian wheat which is moved by an all-rail route from Fort William/Port Arthur to Canadian Atlantic ports, or

(b) United States wheat which, except for conditions beyond the control of the buyer and the seller, would be moved by lake and rail to United States Atlantic ports and which, because it cannot be so moved, is moved by an all-rail route to United States Atlantic ports,

provided that payment of the extra transportation cost thereby incurred is agreed between the buyer and the seller.

(7) The Council shall prescribe rules of procedure for the reporting and recording of all commercial purchases and special transactions. In those rules it shall prescribe the frequency and the manner in which those purchases and transactions shall be reported and shall prescribe the duties of exporting and importing countries with regard thereto. The Council shall also make provision for the amendment of any records or statements maintained by it, including provision for the settlement of any dispute arising in connexion therewith.

(8) Each exporting country and each importing country may be permitted, in the fulfilment of its obligations, a degree of tolerance to be prescribed by the Council for that country on the basis of the extent of those obligations and other relevant factors.

(9) In order that as complete records as possible may be maintained and for the purposes of Article 21, the Council shall also keep separate records for each crop year of all special transactions entered into by any exporting or importing country.

Article 16

Estimates of Requirements and Availability of Wheat

(1) By 15 September of each year, each importing country shall notify the Council of its provisional estimate of its commercial requirements of wheat from exporting countries in that crop year. Before 31 December of each year, each importing country shall notify the Council of any changes in this provisional estimate. Importing countries may notify the Council of any further changes they desire to make thereafter.

(2) By 1 October in the case of Northern Hemisphere countries and 1 January in the case of Southern Hemisphere countries, each exporting country shall notify the Council of its estimate of the wheat it will have available for export in that crop year. Exporting countries may notify the Council of any changes in this estimate they desire to make thereafter.

(3) All estimates notified to the Council shall be used for the purpose of the administration of the Agreement and may only be made available to exporting and importing countries on such conditions as the Council may prescribe. All estimates submitted in accordance with this Article shall in no way be binding.

(4) Exporting and importing countries shall be free to fulfil their obligations under this Agreement through private trade channels or otherwise. Nothing in this Agreement shall be construed to exempt any private trader from any laws or regulations to which he is otherwise subject.

(5) The Council, may, at its discretion, require exporting and importing countries to cooperate together to ensure that an amount of wheat equal to not less than ten per cent of the datum quantities of exporting countries for any crop year shall be available for purchase by importing countries under this Agreement after 28 February of that crop year.

PART V—CONSULTATIONS, PERFORMANCE, DEFAULTS AND SERIOUS PREJUDICE

Article 17

Consultations

(1) In order to assist an exporting country in assessing the extent of its commitments if

a maximum price declaration should be made and without prejudice to the rights enjoyed by any importing country, an exporting country may consult with an importing country regarding the extent to which the rights of that importing country under Articles 4 and 5 of this Agreement will be taken up in any crop year.

(2) Any exporting or importing country experiencing difficulty in making sales or purchases of wheat under Article 4 of this Agreement may refer the matter to the Council. In such a case the Council with a view to the satisfactory settlement of the matter shall consult with any exporting or importing country concerned and may make such recommendations as it considers appropriate.

(3) If an importing country should find difficulty in obtaining its balance of entitlement in a crop year at prices not greater than the maximum price while a maximum price declaration is in effect, it may refer the matter to the Council. In such a case the Council shall investigate the situation and shall consult with exporting countries regarding the manner in which their obligations shall be carried out.

ARTICLE 18

Performance under Articles 4 and 5

(1) The Council shall as soon as practicable after the end of each crop year review the performance of exporting and importing countries in relation to their obligations under Articles 4 and 5 of this Agreement during that crop year.

(2) For the purpose of this review the tolerances as specified by the Council under Article 15 shall apply.

(3) Upon application by an importing country in respect of the performance of its obligations in the crop year, the Council may take into account the wheat equivalent of flour purchased by it from another importing country provided it can be shown to the satisfaction of the Council that such flour was wholly milled from wheat purchased within the Agreement from exporting countries.

(4) In considering the performance of any importing country in relation to its obligations in the crop year, the Council shall also take account of any exceptional importation of wheat from other than exporting countries provided it can be shown to the satisfaction of the Council that such wheat has been or will be used only as feeding stuffs and that such importation was not at the expense of quantities normally purchased by that importing country from exporting countries. Any decision under this paragraph shall be by a majority of the votes held by exporting countries and a majority of the votes held by importing countries.

(5) In considering the performance of any importing country in relation to its obligations in the crop year the Council may also take account of any purchases by the country concerned of durum wheat from other importing countries which are traditional exporters of durum wheat.

ARTICLE 19

Defaults under Article 4 or 5

(1) If, on the basis of the review made under Article 18, any country appears to be in default of its obligations under Article 4 or 5 of this Agreement, the Council shall decide what action should be taken.

(2) Before reaching a decision under this Article, the Council shall give any exporting or importing country concerned the opportunity to present any facts which it considers relevant.

(3) If the Council finds by a majority of the votes held by exporting countries and a majority of the votes held by importing countries that an exporting country or an importing country is in default under Article 4 or 5, it may by a similar vote deprive the country concerned of its voting rights for such period as the Council may determine, reduce the other rights of that country to the extent which it considers commensurate with the default or expel that country from the Agreement.

(4) No action taken by the Council under this Article shall in any way reduce the obligation of the country concerned in respect of its financial contributions to the Council except in the event that that country is expelled from the Agreement.

ARTICLE 20

Action in Cases of Serious Prejudice

(1) Any exporting or importing country which considers that its interests as a Party to this Agreement have been seriously prejudiced by actions of any one or more exporting or importing countries affecting the operation of the Agreement may bring the matter before the Council. In such a case, the Council shall immediately consult with the countries concerned in order to resolve the matter.

(2) If the matter is not resolved through such consultations, the Council may refer the matter to the Executive Committee or the Advisory Committee on Price Equivalents for urgent investigation and report. On receipt of any such report, the Council shall consider the matter further and, by a majority of the votes held by the exporting countries and a majority of the votes held by the importing countries, may make recommendations to the countries concerned.

(3) If, after action has or has not been taken, as the case may be, under paragraph (2) of this Article, the country concerned is not satisfied that the matter has been satisfactorily dealt with, it may apply to the Council for relief. The Council may, if it deems appropriate, relieve that country of part of its obligations for the crop year in question. Two-thirds of the votes held by the exporting countries and two-thirds of the votes held by the importing countries shall be required for a decision granting relief.

(4) If no relief is granted by the Council under paragraph (3) of this Article and the country concerned still considers that its interests as a party to this Agreement have suffered serious prejudice, it may withdraw from the Agreement at the end of the crop year by giving written notice to the Government of the United States of America. If the matter was brought before the Council in one crop year and the Council's consideration of the application for relief was concluded in the subsequent crop year the withdrawal of the country concerned may be effected within thirty days of such conclusion by giving similar notice.

PART VI—ANNUAL REVIEW

ARTICLE 21

Annual Review of World Wheat Situation

(1) (a) Guided by the objectives of this Agreement as set forth in Article 1, the Council shall annually review the world wheat situation and shall inform exporting and importing countries of the effects upon the international trade in wheat of any of the facts which emerge from the review.

(b) The review shall be carried out in the light of information obtainable in relation to national production, stocks, prices, trade, including surplus disposals and special transactions, and any other facts which may appear relevant.

(c) To assist it in its review of surplus disposals, exporting and importing countries shall inform the Council of the measures taken by them to secure compliance with the following principles: that the solution to the problems involved in the disposal of surpluses of wheat should be sought, wherever possible, through efforts to increase consumption; that disposals should take place in an orderly manner; and that, where surpluses are disposed of under special terms, exporting and importing countries concerned should undertake that such arrangements will be made without harmful interference with normal patterns of production and international commercial trade.

(d) Any exporting or importing country may for the purpose of the annual review submit to the Council any information which it considers relevant to the attainment of the objectives of this Agreement. Information so submitted shall be taken into account as appropriate by the Council in carrying out the annual review.

(2) The Council shall consider and inform exporting and importing countries of appropriate methods for encouraging the consumption of wheat. To this end the Council shall undertake studies of such matters as:

(i) factors affecting the consumption of wheat in the various countries;

(ii) means of promoting consumption, particularly in countries where the possibility of increased consumption exists.

Any exporting or importing country may submit to the Council information which it considers relevant to the attainment of this purpose.

(3) For the purposes of this Article, the Council shall pay due regard to work done by the Food and Agriculture Organization of the United Nations and other intergovernmental organizations, in particular to avoid duplication, and may, without prejudice to the generality of paragraph (1) of Article 33, make such arrangements regarding co-operation in any of its activities as it considers desirable with such intergovernmental organizations, and also with any Governments of Members of the United Nations or the specialized agencies not party to this Agreement which have a substantial interest in the international trade in wheat.

(4) Nothing in this Article shall prejudice the complete liberty of action of any exporting or importing country in the determination and administration of its internal agricultural and price policies.

PART VII—GENERAL ADMINISTRATION

ARTICLE 22

Constitution of the Council

(1) The International Wheat Council, established by the International Wheat agreement 1949, shall continue in being for the purpose of administering the present Agreement, with the membership, powers and functions provided in this Agreement.

(2) Each exporting country and each importing country shall be a voting member of the Council and may be represented at its meetings by one delegate, alternates, and advisers.

(3) Such intergovernmental organizations as the Council may decide to invite to any of its meetings may each have one non-voting representative in attendance at those meetings.

(4) The Council shall elect a non-voting Chairman and a Vice-Chairman who shall hold office for one crop year. The Vice-Chairman shall have no vote while acting as Chairman.

(5) The Council shall have in the territory of each exporting and importing country, to the extent consistent with its laws, such legal capacity as may be necessary for the exercise of its functions under this Agreement.

ARTICLE 23

Powers and Functions of the Council

(1) The Council shall establish its rules of procedure.

(2) The Council shall keep such records as are required by the terms of this Agreement and may keep such other records as it considers desirable.

(3) The Council shall publish an annual report and may also publish any other information (including, in particular, its Annual Review or any part or summary thereof) concerning matters within the scope of this Agreement.

(4) In addition to the powers and functions specified in this Agreement, the Council shall have such other powers and perform such other functions as are necesary to carry out the terms of this Agreement.

(5) The council may, by two-thirds of the votes cast by the exporting countries and two-thirds of the votes cast by the importing countries, delegate the exercise of any of its powers or functions. The Council may at any time revoke such delegation by a majority of the votes cast. Subject to the provisions of Article 13, any decision made under any powers or functions delegated by the Council in accordance with this paragraph shall be subject to review by the Council at the request of any exporting or importing country made within a period which the Council shall prescribe. Any decision, in respect of which no request for review has been made within the prescribed period, shall be binding on all exporting and importing countries.

(6) In order to enable the Council to discharge its functions under this Agreement, the exporting and importing countries undertake to make available and supply such statistics and information as are necessary for this purpose.

ARTICLE 24

Votes of Exporting Countries

The votes to be exercised by the respective delegations of exporting countries on thet Council shall be as follows:

Argentina	70
Australia	125
Canada	339
France	80
Italy	24
Mexico	4
Spain	4
Sweden	15
United States of America	339
Total	1,000

ARTICLE 25

Votes of Importing Countries

The votes to be exercised by the respective delegations of importing countries on the Council shall be as follows:

Austria	8
Belgium and Luxembourg, Belgian Congo and Ruanda Urundi	36
Brazil	15
Ceylon	18
Cuba	17
Denmark	10
Dominican Republic	3
Federal Republic of Germany	166
Greece	11
Haiti	4
India	36
Indonesia	11
Ireland	10
Israel	5
Japan	87
Korea	3
Kingdom of the Netherlands	60
New Zealand	21
Norway	13
Peru	4
Philippines	22
Portugal and Overseas Provinces	10
Federation of Rhodesia and Nyasaland	7
Saudi Arabia	6
Switzerland	27
Union of South Africa	16
United Arab Republic	10
United Kingdom (excluding territories)	347
Vatican City	1
Venezuela	16
Total	1,000

ARTICLE 26

Redistribution of Votes

(1) Any exporting country may authorize any other exporting country, and any importing country may authorize any other importing country, to represent its interests and to exercise its votes at any meeting or meetings of the Council. Evidence of such authorization satisfactory to the Council shall be submitted to the Council.

(2) If at any Session of the Council an importing country or an exporting country is not represented by an accredited delegate

and has not authorized another country to exercise its votes in accordance with paragraph (1) of this Article, the total votes to be exercised by the exporting countries shall be adjusted to a figure equal to the total of votes to be exercised at that Session by the importing countries and redistributed among exporting countries in proportion to their votes.

(3) Whenever the membership of this Agreement changes or when any country forfeits, is deprived of or recovers its votes under any provision of this Agreement, the Council shall redistribute the votes within either Article 24 or Article 25, as the case may be, proportionally to the number of votes held by each country listed in that Article.

(4) No exporting or importing country shall have less than one vote and there shall be no fractional votes.

ARTICLE 27

Seat, Sessions, Quorum

(1) The seat of the Council shall be London unless the Council decides otherwise by a majority of the votes cast by the exporting countries and a majority of the votes cast by the importing countries.

(2) The Council shall meet at least once during each half of each crop year and at such other times as the Chairman may decide.

(3) The Chairman shall convene a Session of the Council if so requested by (a) five countries or (b) one or more countries holding a total of not less than ten per cent of the total vote or (c) the Executive Committee.

(4) The presence of delegates with a majority of the votes held by the exporting countries and a majority of the votes held by the importing countries prior to any adjustment of votes under Article 26 shall be necessary to constitute a quorum at any meeting of the Council.

ARTICLE 28

Decisions

(1) Except where otherwise specified in this Agreement, decisions of the Council shall be by a majority of the total votes cast.

(2) Each exporting and importing country undertakes to accept as binding all decisions of the Council under the provisions of this Agreement.

ARTICLE 29

Executive Committee

(1) The Council shall establish an Executive Committee. The members of the Executive Committee shall be not more than four exporting countries elected annually by the exporting countries and not more than eight importing countries elected annually by the importing countries. The Council shall appoint the Chairman of the Executive Committee and may appoint a Vice-Chairman.

(2) The Executive Committee shall be responsible to and work under the general direction of the Council. It shall have such powers and functions as are expressly assigned to it under this Agreement and such other powers and functions as the Council may delegate to it under paragraph 5 of Article 23.

(3) The exporting countries on the Executive Committee shall have the same total number of votes as the importing countries. The votes of the exporting countries on the Executive Committee shall be divided among them as they shall decide, provided that no such exporting country shall have more than forty per cent of the total votes of those exporting countries. The votes of the importing countries on the Executive Committee shall be divided among them as they shall decide, provided that no such importing country shall have more than forty per cent of the total votes of those importing countries.

(4) The Council shall prescribe rules of procedure regarding voting in the Executive Committee and may make such other provision regarding rules of procedure in the Executive Committee as it thinks fit. A decision of the Executive Committee shall require the same majority of votes as this Agreement prescribes for the Council when making a decision on a similar matter.

(5) Any exporting or importing country which is not a member of the Executive Committee may participate, without voting, in the discussion of any question before the Executive Committee whenever the latter considers that the interests of that country are affected.

ARTICLE 30

Advisory Committee on Price Equivalents

(1) The Council shall establish an Advisory Committee on Price Equivalents consisting of representatives of not more than four exporting countries and of not more than four importing countries. The Chairman of the Advisory Committee shall be appointed by the Council.

(2) The Advisory Committee shall keep under continuous review current market conditions, including in particular the movement of prices, for wheat of all classes, types and grades and shall immediately inform the Council and the Executive Committee whenever in its opinion circumstances exist which are likely to or require that a declaration under Article 13 should be made or a meeting convened under paragraphs (1) or (2) of Article 7. With respect to the latter Article, the Advisory Committee shall have particular regard to circumstances which have brought

about, or threaten to bring about, a serious fall in the price in any market of any class, type or grade of wheat in relation to the minimum price in that market for No. 1 Manitoba Northern wheat. The Advisory Committee shall, in the exercise of its functions under this paragraph, take into account any representations made by any exporting or importing country concerned.

(3) Whenever in the opinion of the Advisory Committee circumstances exist which require that a meeting of the Council be convened under paragraph (1) or (2) of Article 7 or whenever such a meeting is convened, it shall immediately advise the Council and the Executive Committee of any action with regard to the determination of allowances for differences of quality which it considers might suitably be taken to meet the situation.

(4) The Advisory Committee shall advise the Council and the Executive Committee on the matters referred to in paragraphs (5), (6) and (8) of Article 6 and paragraph (3) of Article 7 and on such other questions as the Council or the Executive Committee may refer to it.

ARTICLE 31

The Secretariat

(1) The Council shall have a Secretariat consisting of an Executive Secretary, who shall be its chief administrative officer, and such staff as may be required for the work of the Council and its Committees.

(2) The Council shall appoint the Executive Secretary who shall be responsible for the performance of the duties devolving upon the Secretariat in the administration of this Agreement and for the performance of such other duties as are assigned to him by the Council and its Committees.

(3) The staff shall be appointed by the Executive Secretary in accordance with regulations established by the Council.

(4) It shall be a condition of employment of the Executive Secretary and of the staff that they do not hold or shall cease to hold financial interest in the trade in wheat and that they shall not seek or receive instructions regarding their duties under this Agreement from any Government or from any other Authority external to the Council.

ARTICLE 32

Finance

(1) The expenses of delegations to the Council, of representatives on the Executive Committee, and of representatives on the Advisory Committee on Price Equivalents shall be met by their respective Governments. The other expenses necessary for the administration of this Agreement shall be met by annual contributions from the exporting and importing countries. The contribution of each such country for each crop year shall be in the proportion which the number of its votes bears to the total of the votes of the exporting and importing countries at the beginning of that crop year.

(2) At its first Session after this Agreement comes into force, the Council shall approve its budget for the period ending 31 July 1960 and assess the contribution to be paid by each exporting and importing country.

(3) The Council shall, at a Session during the second half of each crop year, approve its budget for the following crop year and assess the contribution to be paid by each exporting and importing country for that crop year.

(4) The initial contribution of any exporting or importing country acceding to this Agreement under paragraph (4) of Article 35 shall be assessed by the Council on the basis of the votes to be distributed to it and the period remaining in the current crop year, but the assessments made upon other exporting and importing countries for the current crop year shall not be altered.

(5) Contributions shall be payable immediately upon assessment. Any exporting or importing country failing to pay its contribution within one year of its assessment shall forfeit its voting rights until its contribution is paid, but shall not be relieved of its obligations under this Agreement, nor shall it be deprived of any of its rights under this Agreement unless the Council so decides by a majority of the votes held by the exporting countries and a majority of the votes held by the importing countries.

(6) The Council shall, each crop year, publish an audited statement of its receipts and expenditures in the previous crop year.

(7) The Government of the country where the seat of the Council is situated shall grant exemption from taxation on the salaries paid by the Council to its employees except that such exemption need not apply to the nationals of that country.

(8) The Council shall, prior to its dissolution, provide for the settlement of its liabilities and the disposal of its records and assets.

ARTICLE 33

Co-operation with other Intergovernmental Organizations

(1) The Council may make whatever arrangements are desirable for consultation and co-operation with the appropriate organs of the United Nations and its specialized agencies and with other intergovernmental organizations.

(2) If the Council finds that any terms of this Agreement are materially inconsistent with such requirements as may be laid down by the United Nations or through its appropriate organs and specialized agencies regarding intergovernmental commodity agreements,

the inconsistency shall be deemed to be a circumstance affecting adversely the operation of this Agreement and the procedure prescribed in paragraphs (3), (4) and (5) of Article 36 shall be applied.

ARTICLE 34

Disputes and Complaints

(1) Any dispute concerning the interpretation or application of this Agreement other than a dispute under Article 18 or 19 which is not settled by negotiation shall, at the request of any country party to the dispute, be referred to the Council for decision.

(2) In any case where a dispute has been referred to the Council under paragraph (1) of this Article, a majority of countries, or any countries holding not less than one-third of the total votes, may require the Council, after full discussion, to seek the opinion of the advisory panel referred to in paragraph (3) of this Article on the issues in dispute before giving its decision.

(3) (a) Unless the Council unanimously agrees otherwise, the panel shall consist of:

(i) two persons, one having wide experience in matters of the kind in dispute and the other having legal standing and experience, nominated by the exporting countries;

(ii) two such persons nominated by the importing countries; and

(iii) a chairman selected unanimously by the four persons nominated under (i) and (ii) or, if they fail to agree, by the Chairman of the Council.

(b) Persons from countries whose Governments are parties to this Agreement shall be eligible to serve on the advisory panel, and persons appointed to the advisory panel shall act in their personal capacities and without instructions from any Government.

(c) The expenses of the advisory panel shall be paid by the Council.

(4) The opinion of the advisory panel and the reasons therefor shall be submitted to the Council which, after considering all the relevant information, shall decide the dispute.

(5) Any complaint that any exporting or importing country has failed to fulfil its obligations under this Agreement shall, at the request of the country making the complaint, be referred to the Council which shall make a decision on the matter.

(6) Subject to the provisions of Article 19, no exporting or importing country shall be found to have committed a breach of this Agreement except by a majority of the votes held by the exporting countries and a majority of the votes held by the importing countries. Any finding that an exporting or importing country is in breach of this Agreement shall specify the nature of the breach and if the breach involves default by that country in its obligations under Articles 4 or 5 of this Agreement, the extent of such default.

(7) Subject to the provisions of Article 19, if the Council finds that an exporting country or an importing country has committed a breach of this Agreement it may, by a majority of the votes held by the exporting countries and a majority of the votes held by the importing countries, deprive the country concerned of its voting rights until it fulfils its obligations or expel that country from the Agreement.

PART VIII—FINAL PROVISIONS

ARTICLE 35

Signature, Acceptance, Accession, Entry into Force

(1) This Agreement shall remain open for signature in Washington from 6 April 1959 until and including 24 April 1959 by the Governments of the countries listed in Articles 24 and 25.

(2) This Agreement shall be subject to acceptance by the signatory Governments in accordance with their respective constitutional procedures. Subject to the provisions of paragraphs (6) and (8) of this Article, instruments of acceptance shall be deposited with the Government of the United States of America not later than 16 July 1959.

(3) This Agreement shall be open for accession by any Government of a country listed in Articles 24 and 25. Subject to the provisions of paragraphs (6) and (8) of this Article, instruments of accession shall be deposited with the Government of the United States of America not later than 16 July 1959.

(4) The Council may, by two-thirds of the votes cast by exporting countries and by two-thirds of the votes cast by importing countries, approve accession to this Agreement by the Government of any Member of the United Nations or the specialized agencies or by any Government invited to the United Nations Wheat Conference 1958-1959 but which is not listed in Article 24 or 25 and prescribe conditions for such accession, and in such a case the Council shall establish the relevant datum quantities in accordance with Article 12 and 14. However, in the case of any Government which was on 31 July 1959 a party to the International Wheat Agreement 1956 and which seeks before 1 December 1959 to accede to this Agreement, any decision under this paragraph shall require only a majority of the votes cast by exporting countries and a majority of votes cast by importing countries. Accession shall be effected by the deposit of an instrument of accession with the Government of the United States of America.

(5) Part I and Parts III to VIII of this Agreement shall enter into force on 16 July

1959 and Part II on 1 August 1959 between those Governments which have by 16 July 1959 accepted or acceded under paragraphs (2), (3) or (6) of this Article, provided that such Governments hold not less than two-thirds of the votes of exporting countries and not less than two-thirds of the votes of importing countries in accordance with the distribution established in Articles 24 and 25.

(6) A notification by any signatory Government or by any Government entitled to accede to this Agreement under paragraph (3) of this Article to the Government of the United States of America on or before 16 July 1959 of an intention to accept or accede to this Agreement, followed by the deposit of an instrument of acceptance or accession not later than 1 December 1959 in fulfilment of that intention, shall be deemed to constitute acceptance or accession on 16 July 1959 for the purposes of this Article.

(7) If by 16 July 1959 the conditions laid down in the preceding paragraphs for the entry into force of this Agreement are not fulfilled, the Governments of those countries which by that date have accepted or acceded to this Agreement in accordance with paragraphs (2), (3) or (6) of this Article may decide by mutual consent that it shall enter into force among them, or they may take whatever other action they consider the situation requires.

(8) Any Government which has not accepted or acceded to this Agreement by 16 July 1959 in accordance with paragraphs (2), (3) or (6) of this Article may be granted by the Council an extension of time for depositing its instrument of acceptance or accession. If that Government has made no notification in accordance with paragraph (6) of this Article, Part I and Parts III to VIII of this Agreement shall enter into force for that Government on the date of deposit of its instrument, and Part II shall enter into force for it on 1 August 1959 or on the date of deposit of its instrument, whichever is the later.

(9) Where, for the purposes of the operation of this Agreement, reference is made to countries listed or included in particular Articles or in any Annex, any country the Government of which has acceded to this Agreement on conditions prescribed by the Council in accordance with paragraph (4) of this Article shall be deemed to be listed or included in those Articles or in that Annex accordingly.

(10) The Government of the United States of America will notify all signatory and acceding Governments of each signature, acceptance of and accession to this Agreement and of all notifications made in accordance with paragraph (6) of this Article.

ARTICLE 36

Duration, Amendment, Withdrawal and Termination

(1) This Agreement shall remain in force until and including 31 July 1962.

(2) The Council shall, at such time as it considers appropriate, communicate to the exporting and importing countries its recommendations regarding renewal or replacement of this Agreement. The Council may invite any Government of a Member of the United Nations or the specialized agencies not party to this Agreement which has a substantial interest in the international trade in wheat to participate in any of its discussions under this paragraph.

(3) The Council may, by a majority of the votes held by the exporting countries and a majority of the votes held by the importing countries, recommend an amendment of this Agreement to the exporting and importing countries.

(4) The Council may fix a time within which each exporting and importing country shall notify the Government of the United States of America whether or not it accepts the amendment. The amendment shall become effective upon its acceptance by exporting countries which hold two-thirds of the votes of the exporting countries and by importing countries which hold two-thirds of the votes of the importing countries.

(5) Any exporting or importing country which has not notified the Government of the United States of America of its acceptance of an amendment by the date on which such amendment becomes effective may, after giving such written notice of withdrawal to the Government of the United States of America as the Council may require in each case, withdraw from this Agreement at the end of the current crop year, but shall not thereby be released from any obligations under this Agreement which have not been discharged by the end of that crop year.

(6) Any exporting country which considers its interests to be seriously prejudiced by the non-participation in or withdrawal from this Agreement of any country listed in Article 25 holding not less than five per cent of the votes distributed in that Article, or any importing country which considers its interests to be seriously prejudiced by the non-participation in or withdrawal from the Agreement of any country listed in Article 24 holding not less than five per cent of the votes distributed in that Article, may withdraw from this Agreement by giving written notice of withdrawal to the Government of the United States of America before 1 August 1959. If a notification has been made under paragraph (6) of Article 35 or an extension of time has been granted by the Council

under paragraph 8 of that Article, notice of withdrawal in accordance with this paragraph may be given before 15 December 1959 or before the expiry of 14 days after the extension granted, as the case may be.

(7) Any exporting or importing country which considers its national security to be endangered by the outbreak of hostilities may withdraw from this Agreement by giving thirty days' written notice of withdrawal to the Government of the United States of America or may apply in the first instance to the Council for the suspension of some or all of its obligations under this Agreement.

(8) The Government of the United States of America will inform all signatory and acceding Governments of each notification and notice received under this Article.

ARTICLE 37

Territorial Application

(1) Any Government may, at the time of signature or acceptance of or accession to this Agreement, declare that its rights and obligations under this Agreement shall not apply in respect of all or any of the non-metropolitan territories for the international relations of which it is responsible.

(2) With the exception of territories in respect of which a declaration has been made in accordance with paragraph (1) of this Article, the rights and obligations of any Government under this Agreement shall apply in respect of all non-metropolitan territories for the international relations of which that Government is responsible.

(3) Any Government may, at any time after its acceptance of or accession to this Agreement, by notification to the Government of the United States of America, declare that its rights and obligations under the Agreement shall apply in respect of all or any of the non-metropolitan territories regarding which it has made a declaration in accordance with paragraph (1) of this Article.

(4) Any Government may, by giving notification of withdrawal to the Government of the United States of America, withdraw from this Agreement separately in respect of all or any of the non-metropolitan territories for whose international relations it is responsible.

(5) For the purposes of the establishment of datum quantities under Article 14 and the redistribution of votes under Article 26, any change in the application of this Agreement in accordance with this Article shall be regarded as a change of membership in such manner as may be appropriate to the circumstances.

(6) The Government of the United States of America will inform all signatory and acceding Governments of any declaration or notification made under this Article.

IN WITNESS WHEREOF the undersigned, having been duly authorized to this effect by their respective Governments, have signed this Agreement on the dates appearing opposite their signature.

The texts of this Agreement in the English, French and Spanish languages shall all be equally authentic, the original to be deposited in the archives of the Government of the United States of America, which shall transmit certified copies thereof to each signatory and acceding Government.

ANNEX

For the purposes of paragraph (1) of Article 4 of this Agreement, the percentages referred to in that paragraph are set out below against the name of each importing country:

Austria	45
Belgium and Luxembourg	80
Brazil	50
Ceylon	80
Cuba	90
Denmark	60
Dominican Republic	90
Federal Republic of Germany	70
Greece	50
Haiti	90
India	70
Indonesia	70
Ireland	90
Israel	60
Japan	50
Korea	90
Kingdom of the Netherlands	75
New Zealand	90
Norway	60
Peru	70
Philippines	70
Portugal	85
Federation of Rhodesia and Nyasaland	90
Saudi Arabia	70
Switzerland	80
Union of South Africa	90
United Arab Republic	30
United Kingdom	80
Vatican City	100
Venezuela	70

THE SENATE

Wednesday, June 24, 1959

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

Prayers.

FARM IMPROVEMENT LOANS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-63, to amend the Farm Improvement Loans Act.

Bill read first time.

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

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

FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill C-41.

The report was read by the Clerk Assistant:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-41) intituled: "An Act to amend the Federal-Provincial Tax-Sharing Arrangements Act", have in obedience to the order of reference of June 23, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon. Mr. Brunt: Next sitting.

PRIME MINISTER'S RESIDENCE BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill C-64.

The report was read by the Clerk Assistant:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-64) intituled: "An Act to amend the Prime Minister's Residence Act", have in obedience to the order of reference of June 18, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. Aseltine: Honourable senators, with leave of the Senate I move the third reading now.

Hon. W. Ross Macdonald: Honourable senators, before the bill is given third reading I would like to refer to something that is not referred to in the bill, the fact that no rent is to be charged the Prime Minister for the use of this country residence. I am in complete accord with this and I think it would be most improper to charge any rent for its use. I will go further and say it is most unusual that the Prime Minister should have to pay rent for the use of his official residence on Sussex street, Ottawa. I think this arrangement is peculiar to Canada. If I remember correctly there is a provision in the Prime Minister's Residence Act obligating the Prime Minister to pay an annual rent of $5,000 for the use of that home. There is nothing in the act which says the Prime Minister must live there, but, notwithstanding the omission of those words from the act, I would say he is required to do so—that this is one of his duties. I doubt if it would be within the competence of the Senate to strike out the provision in the act requiring the payment of $5,000, because that would be depriving the Government of revenue to that extent.

Hon. Mr. Dupuis: May I ask the honourable Leader of the Opposition (Hon. Mr. Macdonald) if it is not so that the former Prime Minister himself insisted on paying rent, although he was not required to do so? I recall that he said in the House of Commons he would insist on paying rent.

Hon. Mr. Macdonald: I cannot say whether the Prime Minister insisted. My recollection is that the Prime Minister of that day, the Right Honourable Louis S. St. Laurent, did approve of the provision for rent and requested that it be included in the bill.

Hon. Mr. Aseltine: Otherwise he could not live there without paying income tax on the whole value of the services he would receive. That was thoroughly discussed in our Banking and Commerce Committee at the time and that is why that provision was put in the bill.

Hon. Mr. Macdonald: Well, I was in the House of Commons at the time, and I do not recall any reference being made to the fact that payment of rent would affect the income tax of the Prime Minister.

Hon. Mr. Aseltine: It came up in the Banking and Commerce Committee and was fully discussed there.

Hon. Mr. Macdonald I cannot for the life of me see how non-payment of rent would affect the income tax the Prime Minister would have to pay.

Hon. Mr. Hayden: He receives a benefit.

Hon. Mr. Brunt: We could always reduce the rent to a dollar per annum.

Hon. Mr. Macdonald: It could be reduced to a dollar, yes. I doubt very much if any other country which has the standing of Canada requires the head of the Government to pay rent on the official residence provided for him.

Hon. Mr. Haig: Does the rent not include all the services and everything else that goes with the house?

Hon. Mr. Macdonald: It may include all the services, but surely if we are providing a residence for the Prime Minister we should provide all the services that go with it. I am convinced that Canada is the only country of any standing in the world that provides a residence for its Prime Minister and then requires him to pay rent on it. Take the two residences in England, 10 Downing street and Chequers. I do not think that the Prime Minister of Great Britain pays rent on either one of these residences. In fact, I am sure he does not.

Honourable senators, as I have said, I doubt whether it is within the competence of this house to strike out of the act the section requiring payment of rent, but I hope that members of the other house will take notice of this discussion and that next year at least we shall receive from that house a bill to amend the act further by deleting this section.

Hon. Mr. Aseltine: Honourable senators, I appreciate very much what the honourable Leader of the Opposition (Hon. Mr. Macdonald) has said but, in my opinion and in the opinion of the committee which dealt with this matter, if the services being received by the Prime Minister were reduced to the value of $1, the Income Tax Act would have to be amended.

Hon. Mr. Hayden: Not necessarily.

Hon. Mr. Aseltine: And it was felt that that should not be done.

Hon. Gunnar S. Thorvaldson: Honourable senators, I think it would be most inappropriate if someone from this side of the house did not get up and support the views just expressed by the honourable Leader of the Opposition (Hon. Mr. Macdonald). I do feel that he has expressed sentiments which are in complete agreement with those of the large majority of the people of this country, irrespective of the party of which the Prime Minister of the day may be a member. I believe that the people of Canada would derive considerable satisfaction if they could say to themselves that they had provided residence accommodation for their Prime Minister, free of expense to him.

Another thing that may be said for this point of view is that the Prime Minister is not the most highly paid official in our government services. I think it is well known that other persons who work in the service of this country receive a higher remuneration than does the Prime Minister.

In any event, as I have said, I rise to discuss this matter because I think it is appropriate that some of us on this side of the house should support the position taken in this regard by the honourable Leader of the Opposition, and I for one commend him most highly for his remarks on the subject. I believe that the position he takes would probably receive the unanimous support of the other house and also of this house.

I have heard about the income tax problem that is involved in this matter and to which the honourable Leader of the Government (Hon. Mr. Aseltine) has referred. But, after all, Parliament should easily be able to get around that question and find a means of putting residential accommodation in the possession of the Prime Minister of this country on more favourable terms than at present without complications of that kind.

Hon. A. K. Hugessen: Honourable senators, perhaps there has been a little misapprehension about the act which honourable members have been discussing. This amount of $5,000 per annum which the Prime Minister is required to pay is not only for the rent of his accommodation, but for food as well.

Hon. Mr. Macdonald: A lot of food for $5,000!

Hon. Mr. Hugessen: Section 5 of the act states:

> The Prime Minister shall pay the Receiver General of Canada five thousand dollars yearly *pro rata for any period* less than a year, for food and lodging for himself and his family.

So, as I have said, this $5,000 is not merely rent for the occupation of the premises, but it is for food also; and although I think we are all inclined to be as generous as we can to the person occupying the very important position of Prime Minister, I doubt whether we would want to pay for his food as well as his lodging.

Hon. T. A. Crerar: Honourable senators, it is rather unpleasant for me to find myself somewhat in disagreement with the leader on this side (Hon. Mr. Macdonald) and with

the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson). But, after all, we must retain some sort of reasonable perspective in matters of this kind. It is true, as the honourable senator from Winnipeg South stated a moment ago, there are at least two officials, not directly in the Government service but in what may be described as Crown corporations, who draw a higher remuneration than the Prime Minister does. But if you compare the Prime Minister's salary or, shall I say, his emoluments today with those of the Prime Ministers of other dominions and Great Britain, you will find that Canada is not lagging behind.

As the honourable senator from Inkerman (Hon. Mr. Hugessen) has just pointed out, the Government provides the lodging.

Hon. Mr. Hugessen: And the food.

Hon. Mr. Crerar: That is, it provides and maintains the building and the grounds; it provides for the gardeners and for everything else, including the food; and for all that, out of a remuneration of $37,000, the Prime Minister returns $5,000 to the Treasury. Of course, we live in changed times, and we have marched a great distance in the past 40 years; but when I came first to Parliament I used to see Sir Wilfrid Laurier, who was then Leader of the Opposition, walking from the house and waiting to get a streetcar to go to Laurier House on Laurier Avenue; and I have seen Sir Robert Borden, when he was Prime Minister, waiting for a streetcar to take him to his home. Today we have other standards. I am not at all convinced that they are better standards than we had in those days, for I venture to say that Sir Wilfrid and Sir Robert would rank well alongside any of their successors.

As regards this legislation to provide a residence at Lake Mousseau, or Harrington Lake—some place up in the hills—I have no particular objection to it. That property, of course, is now in the possession of what used to be known as the Federal District Commission. What is its present title?

Hon. Mr. Connolly (Ottawa West): The National Capital Commission.

Hon. Mr. Crerar: We are not only not satisfied with the old standards, but we have got more fancy names to describe some public bodies. At any rate, the National Capital Commission owns this property. On it is a residence, which was built by a very respected citizen of Ottawa many years ago, and a lake of substantial dimensions. I understand there are fish in the lake, and I believe the Prime Minister is a fisherman; so, perhaps, in the seclusion of the Gatineau hills, out some morning, no doubt at daybreak, angling for fish, he may find the recreation and the solace of spirit which will enable him much more effectively to prosecute the heavy labours of his office when he comes back to his desk.

Hon. Jean-François Pouliot: Honourable senators, a fact which must be acknowledged by all is that the Prime Minister is the first citizen of Canada. I remember very well that when the question of purchasing a property on Sussex Street, Ottawa, as a residence for the Prime Minister was debated in the House of Commons, the then Prime Minister said that he would insist on paying $5,000 annually for service and food. At that time the only mention made was of the Sussex Street residence. Now we have a bill to provide the Prime Minister with a summer place at Lac Mousseau, also called Harrington Lake. One thing which has struck me in the discussion which has taken place is that, if the $5,000 by the Prime Minister is for food and services, how in the world can he eat twice, at two different places, at the same time? This I cannot understand. The food that he will not eat on Sussex Street he may enjoy far back in the woods at Lac Mousseau. However, I sincerely believe it will be a good thing for the Government of Canada that the Prime Minister of this country shall spend some time in enjoying leisure and breathing fresh air in the province of Quebec, at Lac Mousseau. Therefore I am for the bill as it is now.

Motion agreed to and bill read third time and passed.

PRIVATE BILL

STANDARD TRUST COMPANY—REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill S-28.

The report was read by the Clerk Assistant:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (S-28) intituled: "An Act to incorporate Standard Trust Company", have in obedience to the order of reference of June 18, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon. Mr. Brunt: Next sitting.

INTERNAL ECONOMY

FIFTH REPORT OF COMMITTEE

Hon. William R. Brunt, Chairman of the Standing Committee on Internal Economy and Contingent Accounts, presented the committee's fifth report.

The report was read by the Clerk Assistant:

Your committee recommend that the usual supply of stationery, etc., which has been selected by your committee with due regard to usefulness and economy, for use of the senators in their rooms and desks in the Senate chamber, be supplied according to the lists approved by your committee and deposited with the Clerk of Stationery, and that the distribution be made in a way similar to that of the present session.

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

Hon. Mr. Brunt: Next sitting.

SIXTH REPORT

Hon. Mr. Brunt presented the committee's sixth report.

The report was read by the Clerk Assistant:

Your committee have examined the expenditures and revenues of the Senate for the fiscal year ending March 31, 1959, and have found them correct.

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

Hon. Mr. Brunt: Next sitting.

SEVENTH REPORT

Hon. Mr. Brunt presented the committee's seventh report.

The report was read by the Clerk Assistant:

Your committee recommend that during the coming recess of Parliament the Honourable Senator Aseltine, Leader of the Government in the Senate, and two senators to be named by him from time to time, be authorized to act for and on behalf of the Senate in all matters relating to the internal economy of the Senate.

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

Hon. Mr. Brunt: Next sitting.

EIGHTH REPORT

Hon. Mr. Brunt presented the committee's eighth report.

The report was read by the Clerk Assistant:

Your committee recommend that the Plan of Organization of the Senate be amended by adding thereto one position of:
"Assistant Chief of Reporting Branch and Chief Parliamentary Reporter, Senate".

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

Hon. Mr. Brunt: Next sitting.

NINTH REPORT

Hon. Mr. Brunt presented the committee's ninth report.

The report was read by the Clerk Assistant:

Your committee recommend that Mr. George McIntosh, temporary Confidential Messenger, be deemed a Parliamentary Confidential Messenger, Committees Branch, and that he be paid at the rate of $275 per month, effective July 1, 1959.

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

Hon. Mr. Brunt: Next sitting.

TENTH REPORT

Hon. Mr. Brunt presented the committee's tenth report.

The report was read by the Clerk Assistant:

Your committee recommend:
1. That Mr. Matthew Baillie, Cleaner and Helper, Senate, be retired on August 1, 1959, under the provisions of the Public Service Superannuation Act.
2. That Mr. Baillie be granted, in lieu of retiring leave with pay, a gratuity equal to the difference between five months' salary and annuity for that period.

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

Hon. Mr. Brunt: Next sitting.

ROYAL CANADIAN MOUNTED POLICE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-34, respecting the Royal Canadian Mounted Police.

Bill read first time.

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

Hon. Mr. Aseltine: Tuesday next.

BRETTON WOODS AGREEMENTS BILL

THIRD READING

Hon. Mr. Monette moved the third reading of Bill C-52, to amend the Bretton Woods Agreements Act.

Motion agreed to and bill read third time and passed.

CANADA-FINLAND INCOME TAX CONVENTION BILL

SECOND READING

The Senate resumed from Thursday, June 18, the adjourned debate on the motion of Hon. Mr. Thorvaldson for the second reading of Bill C-54, to implement a convention between Canada and the Republic of Finland for the avoidance of double taxation with respect to income tax.

Hon. Salter A. Hayden: Honourable senators, very soon we will run out of countries with which we may be able to make a tax convention. We have been moving along at a fairly rapid rate. Most of these countries with which we have concluded tax agreements happen to be maritime countries, and that is understandable when you read some of the provisions of the conventions. I have, on previous occasions, spoken on these bills and examined them, and I can say from my study of them that there is a well-defined pattern that is followed in each bill, disregarding some changes in language in one bill as against another.

There is one thing to which I would call your attention, and it is that in dealing with the avoidance of double taxation in relation to a company that operates ships or aircraft, the taxation, and, therefore, the exemption, in some of the conventions has been based on residence. In the bill before us the taxation, or exemption is based on residence. That is, if you have a Canadian company which owns ships, even though the ships never touch a Canadian port but do business in other maritime countries, it is not subject to taxation in the countries where the ships are doing business. In this particular case, the agreement is between Finland and Canada, and a shipping company which has a residence in Canada and earns income in Finland as a result of the operation of its ships there would not be subject to taxation in Finland.

In some of the other tax conventions taxation is based upon the port of registry. For instance, you will find that in the convention with Australia, which was approved in the 1957-58 session, the taxation is based on the port of registry. Personally, I would think that, from the point of view of trying to deal most effectively with the world situation or exemption is based on residence. residence may be a better basis than the port of registry.

There are one or two other things which make this convention different from earlier ones. For instance, article IX, which deals with income from personal services or professional services that a Canadian may earn in Finland, or that a Finn may earn in Canada, contains certain conditions. In relation to compensation for personal services there is a limitation of $3,000, but in the convention that was approved in the 1957-58 session there was no limitation on the amount.

Then there is the student exemption. In the case of a Canadian student receiving full-time education in Finland or a Finnish student receiving full-time education in Canada, there is an exemption from income tax in the country in which the student is studying. For example, if a Finnish student is receiving income from Finland in Canada, this is not regarded as income received in Canada, and *vice versa* when the position changes. This provision was omitted from the Canada-Australia Income Tax Convention, but it was included in conventions Canada has made with other countries.

Article XIV contains a provision which I have not found in any other income tax convention. It is a good idea and possibly it is implicit in the other income tax agreements, but at least it is brought out in the open here. It reads:

> A resident of one of the territories who does not carry on a trade or business in the other territory through a permanent establishment situated therein shall be exempt in that other territory from any tax on gains from the sale, transfer or exchange of capital assets.

Therefore, a Finn who comes to Canada for the purpose of speculating in our market and makes a substantial amount in the way of capital gains, needs only give an accounting when he returns to Finland. He does not have to give an accounting any place else. I cannot conceive that the same opportunity to make capital gains would afford itself to a Canadian who decided to speculate in the Finnish market, but if he did make such gains there he would not have to give an accounting for income tax purposes in Finland. When he returned to Canada, however, it might be an entirely different story.

Then we come to the hardy chestnut that I deal with every time an income tax agreement bill comes before the Senate. The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) always has something to say about it too. I refer to the provision found in article XV, which deals with the exchange of information. I do not expect that what I say will have any effect, for I have been saying the same thing for years now and Canada still enters into these conventions without making any alterations in them.

Hon. Mr. Aseltine: Put your comments on record again.

Hon. Mr. Hayden: I am glad that the honourable Leader of the Government invited me to put my comments on record and not to make a record out of them.

Hon. Mr. Hugessen: That would be easier.

Hon. Mr. Hayden: Much easier.

Here is the objection I have to this provision for exchanging information. Let us suppose a citizen of Finland operating in Canada makes an accounting for income tax in accordance with the laws of Canada. Under this convention if the Finnish authorities

feel he has not given them the full story they can request as much information from the Canadian authorities in relation to the tax accounting of that individual in Canada as the Canadian authorities might exact under our laws from any taxpayer in Canada. The odd point about this is that if the Finnish taxpayer is conforming entirely with the laws of Canada in making his returns, the only purpose the Canadian authorities would serve in giving information to Finland would be to assist that country in the possible enforcement of its own laws. In this way Canada would be sort of giving extraterritorial effect to the Finnish laws, and I think there is something basically wrong with that. If this Finnish individual has not committed any offence or violated any law in Canada, surely his own country, if it has jurisdiction over him, could require him to produce documents and other materials, and this procedure would be preferable to a full exchange of information between both countries.

This provision is in somewhat briefer form than similar provisions in earlier income tax conventions, but I can assure you it means the same thing. It provides for the exchange of information even though there may be no wrongdoing in Canada at all in relation to the information requested. On the other hand, if it were established that the individual has been avoiding or evading income tax in both countries, then of course I would have no objection to the exchange of proper information.

Paragraph 4 of the convention provides that this exchange of information shall not be considered as imposing on a contracting state the obligation to perform an administrative act which would be contrary to its regulations or practices. How a person affected by it could enforce his rights would present a very difficult problem. I doubt that the Canadian authorities would have any power under the income tax law to demand from an individual an accounting more than sufficient to complete their assessments and satisfy themselves that all income has been properly brought into account in Canada by the individual. I suggest that to furnish information in those circumstances might be contrary to regulations, although I am not sure it would be contrary to the practices that have been going on in Canada under existing income tax conventions we have with other countries. So, while we have something that looks like a saving provision, I would not attach much importance to it, if any. As a matter of fact, we still have the same old clause, in substance, in connection with the exchange of information, and I repeat its effect is so broad that in giving information—to Finland, in this particular case—Canada would sometimes be in fact assisting in the enforcement of a foreign tax law in relation to a person who is not a citizen of Canada, or might not even be a resident of Canada, and one who, in so far as any tax liability in Canada is concerned, might have conformed completely to Canadian requirements. There is something inherent in that which I do not like, and for this reason I keep on voicing my objection every time similiar legislation comes before us.

Honourable senators, it must be remembered that by the time a tax convention comes to us there is nothing we can do except approve the bill to which the agreement is attached or refuse to pass the bill. We cannot change the convention, because that has been signed by the representatives of the Canadian Government and of the foreign Government. If we do approve legislation incorporating an agreement as part of a statute we then have special legislation which overrides it to the extent that it contains any inconsistencies with our general income tax law.

The only other comment I want to make is that it is hard to be too critical of something that is basically beneficial.

Hon. Mr. Hugessen: Quite.

Hon. Mr. Hayden: Certainly these income tax conventions are beneficial. Today when Canadian business corporations and individuals are trading freely in various parts of the world, and when the movement of goods and people and communication is as close to instantaneous as one can imagine, it becomes most important that there should be some facility for dealing with taxation problems that are inherent in this trading. It is extremely important that the incidence of taxation in connection with this trade be reduced to a minimum and that we have reciprocal agreements under which relief is provided against what might otherwise be double or triple taxation. This is basically good. It means encouragement to industry in Canada, and it is of some advantage to the country with which we deal. Inherently, the business of making tax conventions is an excellent idea. I feel strongly on the subject of exchange of information, but not strongly enough to say that we should refuse to approve an agreement embodying a tax convention simply because I, for one, cannot approve the extent to which the countries go in the exchange of information. Because this convention has good features in it, I am heartily in favour of it, and simply satisfy myself by voicing my objections to the continued inclusion of a provision for this form of exchange of information.

Before I sit down, may I add one remark? We have considered so many of these tax conventions that I think most of us could almost recite them in the dark. For the life of me, I cannot appreciate just what good purpose could be served by sending this bill to a committee at this stage, and I leave that to the consideration of the Senate.

Hon. W. Rupert Davies: Honourable senators, I am not going to make a long speech. I simply want to support the statement of the honourable senator from Toronto (Hon. Mr. Hayden) that tax conventions should not come to the Senate with a simple request for our approval. I have said before, and I say it again, that before a tax convention is entered into it should be drawn up by a committee, and not by a group of officials who know very little about the situation. I have had some experience in these matters, particularly with the convention between this country and Great Britain. Talk about exchange of information! When they start investigating a Canadian over there for income tax purposes you would think he was a criminal. In my own case, I had to furnish all my income tax returns from Canada. Not only that, I feel to give them photostatic copies of all my bank accounts. I think that is ridiculous.

Furthermore, I think we should have some arrangement whereby Canada and the other countries with which we make income tax conventions would agree on the meaning of certain words, as, for instance, the word "capital". The British income tax people have their own rules and regulations for deciding what capital is. As I understand it, in Canada capital is what you have left after you have paid your taxes. That is not the situation in Britain. If you take money into Britain, and you do so for three or four years running, you are liable for income tax. Over there your capital is the money which you had, and can prove that you had, before your first visit to Britain. Then they turn your Canadian income into British income. The next step is what they call "grossing it up", which means that before they start to put into effect the income tax convention they multiply what you took in by four. It is a very awkward and difficult procedure. I have been fighting my case for five or six years, and I am not through yet. It has cost me a lot of money. Eventually I had to get a very high-class firm in London to try to deal with these people and find out what it was all about.

Hon. Mr. Macdonald: A firm of accountants?

Hon. Mr. Davies: Yes, a firm of accountants, very high-priced people. First of all I had solicitors, but they finally threw up their hands and said I had better get a high-class firm of accountants, because they, the sollicitors, did not understand my problem. I did that, and am still working at it. What it will amount to in the end, I do not know.

Honourable senators, when any more of these income tax conventions are made let us see what they are all about before they are presented in the form of bills in either the House of Commons or the Senate. I don't like having them brought to us in the finished form of this convention and being told, "Just pass this, or else you will have to change it all around." We should sit down with the officials who prepare these conventions and discuss the matter with them. Some clauses in income tax conventions deal with individuals but in the main they deal with businesses and people that are engaged in business between the two countries which enter into the convention. However, they give very little consideration to the individual. That should not be so.

Hon. Arthur W. Roebuck: Honourable senators, the honourable gentleman from Toronto (Hon. Mr. Hayden) pointed out that this subject-matter has often been before us. He expressed the opinion that the time will soon come when we shall run out of countries for this sort of convention. I hope that is so, because on each occasion that such a convention has come before this house I have made very much the same objection that I intend to voice now. I raised the question with regard to the provision for the giving of information, against which I protested as altogether wrong, entirely repugnant to my idea of Canadian rights. The honourable senator from Toronto has so well expressed my opinion in this regard today that I feel I need not repeat what he has said.

However, I wish to remake another objection, one which the senator who spoke before me (Hon. Mr. Davies) mentioned. I refer to the system of bringing conventions of this kind before the house and telling us to take them or leave them, reject them in whole or swallow them in whole, including the parts that are good, of which we approve, and the parts that are bad, of which we disapprove.

To understand the situation with regard to conventions one must go into history. It has always been the prerogative of the Crown, in British countries, from time immemorial, to negotiate and complete treaties with foreign countries. That has been the prerogative of the Crown, and not a function of Parliament. On the other hand, it is a settled, established principle of British and Canadian law that when the executive representing the Crown

makes with a foreign country an agreement which requires for its implementation a change in the law of the land, the executive must come to Parliament and ask for the necessary legislation. If Parliament does not agree in whole or in part, well, that is just too bad for the executive. The executive should not enter into an agreement which Parliament will not implement, and in entering into agreements or treaties with foreign countries the executive should provide that such agreements shall become effective by implementation only with the consent of Parliament. The present system is wholly repugnant to the well-established principle of international and local law in dealings between nations. A conference between ourselves and the executive, or those who represent the executive, as has been suggested, is not what is required. The executive should enter into the convention as it sees fit, take its chances on what Parliament may do, and then the executive should come to Parliament for the necessary legislation to implement the agreement. It should not bring an agreement here and ask us to make that agreement law, but rather should ask us to make into law the substance of the agreement, or such of it as is required to be made into law. See what a mess we have got into by proceeding in the unorthodox manner of this bill. We now have a book of I do not know how many of these conventions, all of which are made the law of our land.

This bill provides that the convention entered into between Canada and the Republic of Finland set out in the schedule is approved and declared to have the force of law in Canada—every word of it. Much of it is not required at all to implement the terms of the agreement. Any legal draftsman could take out of this agreement those provisions which require implementation. It is not necessary to include the title and the name and everything else, including the signatures at the end of the convention, and call that the law of the land.

My friend from Toronto suggests that perhaps the giving of this information is not within the confines of the Income Tax Act and that therefore the provisions of this convention in that regard may not apply. He did not use those precise words, but he intimated as much. But listen to section 3 of this bill:

> In the event of any inconsistency between the provisions of this act, or the convention, and the operation of any other law, the provisions of this act and the convention prevail to the extent of the inconsistency.

So clerks sitting perhaps not in our country but over in Finland, and out of control of the cabinet here, enter into an agreement which takes precedence over the whole law of Canada. That is ridiculous. And then that is brought before us and we are asked to swallow it holus-bolus.

Now, I am not quite so delicate as my friend from Toronto. He says that as this is a good bill, we must accept it. The purpose of the agreement is a good one, but the time must come, honourable senators, when you and I will say that we will not put up with this procedure, irrespective of how good the substance may be, and we will send the bill and the convention back to the executive or their representatives and ask them to follow the traditional procedure in matters of this kind.

The last time I spoke in this vein I think the present Leader of the Government (Hon. Mr. Aseltine) agreed with me, the senator from Toronto (Hon. Mr. Hayden) agreed with me, and a number of others who spoke at the same time all agreed that this was the wrong way to proceed. On that occasion we expressed the hope that in future the traditional methods would be followed. We should be presented with a bill, an ordinary bill drawn by lawyers as ordinary bills are drawn, simply implementing the convention as may be necesary. We would then be able to amend the bill, refuse it or pass it as we, in our good judgment, see fit.

Now, I suppose we are going to pass this bill, and so we will have similar bills, if there are any more countries to agree with, but I protest, and I shall go on protesting so long as this kind of legislation comes before us.

Hon. Thomas Reid: Honourable senators, I rise to draw the attention of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) to the fact that many treaties between Canada and other countries might not have been entered into had they first been presented to Parliament and debated. Let me refer particularly to the fisheries treaties, in one of which five nations participated, one of them being Soviet Russia. Honourable senators, if ever you want to see a protracted discussion of the various articles and provisions of an agreement you should watch the Russians going to work on one of them. If there is a word in doubt they will wire to Moscow for instructions and you may have to wait around for a week or more pending new instructions from Moscow. In the case of that fisheries treaty I can say that if it had first been brought before Parliament and the various clauses discussed here and decided upon, we could not have been sure that the other countries to the treaty would have agreed with our terms.

The argument advanced by the honourable senator from Toronto-Trinity might be logical

in regard to this bill, but I know that treaties we have entered into with foreign countries, including Great Britain, would never have gotten to the stage of signing if they were brought to Parliament first. Instead of following that procedure, our officials attend these conferences in various countries and, they tell us, that is the only way in which it can be done. At these conferences high officials of the various countries, including those representing Canada, discuss the pros and cons, iron out the difficulties and eventually bring back the signed treaty as agreed upon. After that it is presented to Parliament and we pass it without any comment.

Hon. Mr. Roebuck: Honourable senators, may I have the indulgence of the house just to say that approving a treaty by Parliament does not make it into a statute and give it the force of law. We have approved a number of treaties in this house—merely expressed approval—but that has no force of law and that does not make the various clauses of the treaty statutes of the Dominion of Canada. That is what is being done in this instance. I have no objection to the approving of treaties or to the laying of treaties before Parliament for approval. But when it is necessary to change the law of the land in order to implement a treaty, the appropriate legislation should be included in a bill brought before us for our consideration.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt this motion?

Hon. Mr. Roebuck: On division.

Motion agreed to and bill read second time, on division.

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

Hon. Mr. Thorvaldson: Next sitting.

UNEMPLOYMENT INSURANCE BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. Clarence V. Emerson moved the second reading of Bill C-43, to amend the Unemployment Insurance Act.

He said: Honourable senators, this bill respecting the Unemployment Insurance Act seeks concurrence in five amendments of a major nature, as well as in a number of minor amendments.

The major amendments are as follows: First, the schedule of benefit rates and allowable earnings has been revised; second, the schedule of contributions payable to the Unemployment Insurance Fund has been revised; third, the salary level beyond which contributions are no longer required to unemployment insurance has been increased; fourth, the maximum entitlement to benefit has been increased; fifth, provision has been made whereby short-term inmates of jails and penitentiaries will not lose the unemployment insurance contributions they had earned in the two years prior to beginning their period of incarceration.

Since the beginning of unemployment insurance in this country, honourable senators, the benefit rates payable to claimants have always been set to meet, as well as possible, two conditions. First, the rates should be high enough so that claimants will not suffer undue distress during the time they are unemployed; second, the rates should not be so high that claimants will lose their incentive to work.

Over the years it has been felt that a happy medium consisted of a benefit rate approximately one-half of the recent wages earned by claimants. In addition, the act allows claimants to earn specified amounts without there being any effect on the amount of benefit drawn. In total, these two sources provide claimants with a possible income of some 75 per cent of their normal wages. Obviously, as wages continue to rise, the desirable "benefit to wages" ratio is periodically lost, and the main purpose of this amendment is to restore the proper ratio.

The last time this correction was made was in 1955, at which time average wages and salaries were a little less than $60 per week. Consequently, the maximum benefit for a person with a dependent was $30 per week, with allowable earnings of $13 per week. Other rates were computed according to the earnings and dependency status of the claimant.

On October 1, 1958, average weekly wages and salaries were about $70 per week. The Government proposes, therefore, a new maximum benefit rate for a person with a dependent of $36 per week, with allowable earnings of $18 per week. This total of $54 per week provides, in this particular case, a possible income of about 78 per cent of gross wages. The example just given applies to those earning $69 per week and over. Also, another earnings class has been added, which provides those having a dependent and earning between $63 and $70 a week with a weekly rate of benefit of $33. The allowable earnings for those in this category are $17 per week. Other rates are, as before, computed according to earnings and dependency status.

In brief, in this amendment, account has been taken of the continued rise in wages simply by adding two new earnings classes to the old schedule, thus providing more realistic benefit rates for those whose wages are above the present maximum of $57 per

week, and whose benefit rate has, therefore, been restricted to $30 per week by that maximum. It is estimated that about 28 per cent of those who contribute to unemployment insurance could benefit by these higher rates.

Further, a new principle in regard to allowable earnings has been adopted. It will be noted that the benefit rate for a person with a dependent is higher than that for a person without a dependent, even though their wages may have been the same. This is the way in which the act recognizes the greater responsibilities of those with dependents. At the present time, however, this principle is not recognized in the allowable earnings schedule, since the amount which a person with a dependent is allowed to earn without there being any effect on benefit is exactly the same as for a person without a dependent.

Hon. Mr. Davies: When you say "dependent" you mean a wife or a child?

Hon. Mr. Emerson: One dependent or more.

Therefore, a new schedule is proposed that provides for somewhat higher allowable earnings for the person with a dependent.

Furthermore, since the allowable earnings idea was first incorporated in the act, in 1955, experience has shown that the amount of earnings allowed should be higher if the claimant is to have adequate incentive to take on casual work. It is proposed, for this reason, that the allowable earnings should be one-half of the claimant's weekly benefit rate, rounded to the nearest dollar. By doing this, two desirable results will be produced with one amendment: that is, the greater responsibilities of those with dependents will be recognized and also a realistic price tag will be put on incentive to work.

Since the inception of unemployment insurance in Canada, honourable senators, there has been a gradual broadening of the original, limited concept of the plan. Coverage has been extended to such groups as longshoremen, those employed in the lumbering and logging industry, inland water transportation workers, and fishermen. The seasonal benefit idea has been adopted and extended in recognition of the fact that employment opportunities are scarcest in this country during the months of winter and early spring.

These broadenings of our unemployment insurance plan over the past eight or nine years have been costly. Their cumulative effect, sharpened by the recent recession, has meant a drain on the unemployment insurance fund of close to $400 million in the past two years.

The fund draws its revenue mainly from three sources. Workers make a specified contribution each week, according to earnings; the employer matches the worker's contribution; and the federal Government pays in 20 per cent of these combined contributions. The Government also pays the entire cost of administering the legislation. During the past two fiscal years, revenue to the fund has been running at approximately a quarter of a billion dollars annually. On the other hand, expenditures during the 1957-58 fiscal year amounted to some $385 million. In the 1958-59 fiscal year they were close to half a billion dollars.

From these figures, it is obvious that additional revenue is required if the fund is to be kept sound. This brings us to the next amendment, which consists of an across-the-board increase in the rates of contributions payable to the fund.

Under the present schedule, which was introduced in 1955, the maximum contribution is 60 cents per week. This is the contribution made by workers who earn $57 per week and over. The two new benefit rates mentioned earlier have necessitated two new contribution rates, and these have been set at 86 cents per week and 94 cents per week. The contribution rates applicable to the other earnings classes have been scaled upwards to meet the needs of the fund. Workers who now pay 60 cents a week will pay either 78, 86 or 94 cents a week, those who now pay 56 cents a week will pay 72 cents a week, and so on down the scale.

While there are slight variations in increases as between earnings classes, the new schedule provides for an overall increase to the Unemployment Insurance Fund of 30 per cent. This figure was arrived at by estimating the needs of the fund in the light of what has happened over the past five years. During that period the economic weather has ranged from fair to good to bad, and it is felt that a 30 per cent increase is what is required if the fund's revenues and expenditures are to be approximately in balance in years to come.

The third major amendment proposes to raise from $4,800 to $5,460 per annum the income level beyond which salaried employees are no longer required to contribute to unemployment insurance. This amendment, of course applies only to salaried workers, since those who are paid by the hour or day, or at a piece rate or mileage rate, continue to contribute regardless of how much they earn in a year. The reason for this amendment is, again, connected with the continuing increase in salaries. Salaried workers, when their incomes rise beyond a certain point, are

considered to be in the executive and managerial class and, therefore, relatively immune to unemployment. The present ceiling of $4,800 per annum was set in 1950, and it is now felt that a ceiling of $5,460 is required if the same degree of responsibility is to be represented. It should be noted that this amendment will mean renewed protection for some 80,000 salaried workers who are now without it.

The fourth major amendment proposes to increase the maximum duration of benefit from 36 weeks to 52 weeks. Prior to 1955, the maximum duration of regular benefit was 52 weeks. When the act was amended in that year, the maximum duration was decreased on the ground that only a very small percentage of claimants required protection beyond 36 weeks. Since that time, however, the Government has received many representations to the effect that the 52-week maximum duration should be restored, and it is now proposed to do this.

Hon. Mr. Reid: Does that mean a man could be idle for a whole year and still receive benefits?

Hon. Mr. Macdonald: Unemployed?

Hon. Mr. Emerson: Yes.

The final major amendment seeks approval of a provision whereby relatively short-term inmates of jails and penitentiaries will not lose the unemployment insurance contributions they may have earned in the two years prior to beginning their terms. At the present time, if an inmate is out of the labour market for a year he would be unable to qualify for benefit even though he had been working in insurable employment up to the time he committed his misdemeanour.

Hon. Mr. Hugessen: May I ask my friend a question there?

Hon. Mr. Emerson: Yes.

Hon. Mr. Hugessen: Is the inmate of a jail considered to be unemployed?

Hon. Mr. Emerson: This refers to when he comes out of jail.

Hon. Mr. Macdonald: He is unemployed when he is discharged.

Hon. Mr. Davies: He does not draw unemployment insurance while he is in jail, does he?

Hon. Mr. Emerson: No. If I may proceed, I think I will presently cover the point raised by my honourable friend from Inkerman (Hon. Mr. Hugessen).

Hon. Mr. Reid: We treat the prisoners well enough, but not that well.

Hon. Mr. Emerson: This amendment would add "serving a sentence of imprisonment in a jail, penitentiary, or other place of confinement" as a ground for extending the qualifying period by a maximum of two years. This means that the short-term ex-prisoner on the day he leaves jail, would be on exactly the same footing, in so far as unemployment insurance is concerned, as on the day he entered jail. It is hoped that this amendment will be of some help in the rehabilitation of those who have paid their debt to society but who still have many problems facing them.

Honourable senators, it is my intention to ask that this bill, upon receiving second reading, be referred to the Standing Committee on Immigration and Labour.

Hon. Mr. Isnor: Honourable senators, I should like to ask the honourable senator a question. Was I correct in my understanding with respect to the higher wage bracket, namely, the $57 bracket and over, that the insurance contribution will be increased from 60 cents to 78 cents? That is an increase of 18 cents?

Hon. Mr. Macdonald: 30 per cent.

Hon. Mr. Croll: That is not the point.

Hon. Mr. Isnor: Is the Government's contribution correspondingly increased?

Hon. Mr. Emerson: As I understand it, honourable senator, the employer pays the same as the workman, and the Government contributes 30 per cent.

Hon. Mr. Macdonald: 20 per cent.

Hon. Mr. Emerson: Yes, 20 per cent.

Hon. Mr. Isnor: My question is, does the Government increase its contribution proportionately?

Hon. Mr. Emerson: I don't think I can answer that question.

Hon. Mr. Croll: I can help you. The answer is "No".

Hon. Donald Smith (Queens-Shelburne): Honourable senators, I am very glad indeed by chance to be able to follow my fellow Maritimer, the honourable senator from Saint John-Albert (Hon. Mr. Emerson). May I say that his statement with respect to this bill before the house was very well prepared and delivered, and I congratulate him on it.

Hon. Mr. Emerson: Thank you.

Hon. Mr. Smith (Queens-Shelburne): I did note that the honourable senator stressed changes in the benefit provisions in the bill which, in my opinion—and I think it will develop in the opinion of most of us—are relatively minor ones. At the same time, I

observed that he passed over quite lightly some of the provisions which I, for one, consider of much more importance. Of course, I refer to the increases in the premiums to be paid by workers and employers under this bill.

Some years ago one of Canada's political figures used words which I think bear repeating at this time. He said:

There are those whose feet, by what appears to be, and is in considerable measure, mere good fortune, seem always to be in pleasant places, and there are those who, through one adversity and another, seem to have the hand of everybody against them. The object of legislation should be to remove that element so far as possible. Never can it be wholly driven out. But legislation which has for its purpose the reduction of the incidence of chance and hazard in the lives of men and women is absolutely sound.

I believe, honourable senators, that the Unemployment Insurance Act is such a measure. It is, of course, not something new; we have had the legislation in effect since 1940. I should like to point out that there are men still in public life—one of whom sits in this chamber, the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck)—who earnestly advocated unemployment insurance a long time ago. I regret that the honourable senator is not in his seat at the moment to hear my reference to him. It was in 1919 that Senator Roebuck seconded the labour resolution at the Liberal convention which, among other things endorsed the principle of unemployment insurance. I am sure we are all well aware that throughout his public life he has continued to support measures for human welfare.

Some Hon. Senators: Hear, hear.

Hon. Mr. Smith (Queens-Shelburne): I was interested in looking up some of the debates on the Unemployment Insurance Bill of 1940 to learn that during the course of that debate Senator Roebuck expressed unwillingness to

—accept as a permanent condition the mass unemployment contemplated by this bill.

In the House of Commons at that same time he used these words to express a conviction he continues to hold, and these words are worth repeating at this time:

—the time will come when the Canadian people will attack this problem effectively and abolish the anomaly of an industrious and progressive people, living in the midst of great resources, yet with large numbers of their population unable to support themselves by their labour. Stupidity, nothing else! Nature intended that we should all be busy and that we should make our living by applying our labour to the resources of nature.

I also had occasion, in doing some background reading on the subject—and, I might say, on other subjects—to examine some of the speeches that have been made by the honourable senator from Blaine Lake (Hon. Mr. Horner). I have been interested in finding therein a general consistency of approach to social security measures. When, in recent sessions, his colleagues have introduced into Canadian social legislation a degree of benefit far beyond that which was originally contemplated, I know he must have harboured some serious misgivings. I am sure all of us have for him at least some degree of regard and respect, as is due to one of our senior colleagues, and that degree in his case is generally enlarged—and it certainly is in my case—when we have occasion to examine the record of his consistency of opinion together with his expressions of basic philosophy, with which we are all familiar.

For example, the honourable senator from Blaine Lake, speaking in support of the amendment of his then leader, the Right Honourable Mr. Meighen, to delay the operation of unemployment insurance until after the war, used these words:

I am in favour of it—

—and he is referring to the amendment—

—because unemployment insurance, as I see it, will not cure conditions, but is very likely to make them steadily worse.

He then went on to express his opinion that such a scheme would have the effect of encouraging too many people to leave the farms and seek insurable employment in urban centres.

In vindication of his opinion of almost twenty years ago he might be pleased to have me quote from the June, 1959 issue of *Industry*, which is published by the Canadian Manufacturers' Association, in which it is stated:

The flight from farm to city over the past decade or so, has, in fact, assumed such proportions as to constitute a silent revolution.

But before he gets too much satisfaction from that statement, may I add that the same article goes on to say:

—farm production has not suffered any, thanks to mechanization, improved means of cultivation and greater efficiency of operation, and largely for these same reasons the farmer is much more important to the manufacturer than he once was.

I know the honourable senator well enough to know that, notwithstanding any evidence that may be produced, it would be surprising if the honourable senator—whose views, like those of a former leader of his, may be described as "unrevised and unrepented"—holds a different opinion in this year of 1959 from that which he expressed almost twenty years ago. The honourable senator over the years has placed on the record some basic philosophies with which most of us can entirely agree. For example, in the same speech to which I have referred he expressed

a view which the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), and all of us, would likely share, when he said:

> Governments will have to find something greater than unemployment insurance to cure unemployment.

Honourable senators, to seek measures other than unemployment insurance was exactly what the former Government did during the latter years of the war and the post-war period. It is hardly necessary to remind you that such measures were found and put into operation. These measures included fiscal and monetary policies which were effective in controlling inflation to an extent, perhaps, greater than in any other country in the world, even during the dangerous period of the Korean conflict, which was a period when there developed an alarming shortage of both capital and consumer goods in relation to the demand for them.

Because of its excellence in managing its affairs, Canada was in those post-war years a country which foreign investors regarded with great confidence, from which confidence sprang the tremendous investment in resource development with its attendant boom times and high employment.

In those post-war years policies were put into effect which encouraged not only this resource development, but the house construction industry as well. Those policies built the Trans-Canada Highway, the St. Lawrence Seaway and the Trans-Canada Pipe Line which is no longer a dirty political word but is recognized as one of the important developmental projects in our history. This project released for sale the gas resources of the west, and made relatively cheap energy available for the industrial expansion of the east. The expanded use of gas gave rise to the ancillary chemical industries in the west, the building and servicing of new gas combustion equipment wherever the gas was delivered, and on all sides resulted in a chain reaction of benefit to national development.

Those were some of the policies and measures which, together with the social security payments and transfer payments to the Governments of "have not" provinces, brought about a condition where there was established a continuous level of purchasing power in the hands of all of the people in all the provinces, and a condition where unemployment was a matter of relatively minor consequence, and one, indeed, in which the Unemployment Insurance Fund reached a level of assets of almost $1 billion.

If we agree with the honourable senator from Blaine Lake that "Governments will have to find something greater than unemployment insurance to cure unemployment," then we must agree that the present amendments to the Unemployment Insurance Act are in themselves an admission of failure on the part of the present Government to produce that kind of policy which would result in "something greater than unemployment insurance".

With what I have said as a background, let us ask ourselves: Why has it been found necessary to make the amendments proposed in this bill? These are some of the reasons. Late in 1957 there developed in this country an economic situation which resulted in the greatest unemployment problem since the 1930's. If this was the post-war unemployment problem predicted by so many both in Parliament and outside, and prepared for by the legislation passed in 1940, then it was delayed by the policies of the former Government for almost fifteen years.

The tragedy of the matter is that it now appears to be accepted as a continuing problem, perhaps of a lesser degree in some regions of Canada, but on very serious proportions in others. To indicate its seriousness in the region of Canada from which the honourable senator from Saint John-Albert and I come, I have only to point out that as of May 16, 1959, a time when winter and early spring labour conditions no longer exist, 10.6 per cent of the labour force of the Atlantic provinces were without jobs and seeking work. If this degree of unemployment were to apply to the total Canadian labour force of 6,186,000 there would be, as of that date, 656,000 Canadians without jobs and seeking work. I am sure that that would be regarded as a serious situation, indeed, and I am sure it adds some strength to what the honourable senator from St. John's West (Hon. Mr. Pratt) said in this house not long ago when he was referring to the Terms of Union of Canada and Newfoundland, and particularly to Term 29, which affects Newfoundland's position so very seriously.

Honourable senators, we all realize that it is to alleviate, to some degree, the effects of this continuing unemployment that this bill before us provides for these things that my honourable friend has just spoken about. These, as you may recall, are not the first important changes in unemployment insurance legislation made by the new administration. Already a period of six weeks had been added to the seasonal benefit period—an addition of 50 per cent to the original seasonal period of 12 weeks which, when instituted by the former Government and extended to include fishermen, was so severely criticized outside Parliament.

With such changes as are now proposed I have no quarrel, in view of present circumstances. Increased benefits are needed, but what I cannot agree with is that the cost of the new benefits, as well as the amount which the Government now finds is necessary to raise in order to place the fund in a more liquid state, should be collected as a tax from employees and employers. It seems to me that a Government which found itself unable to prevent a condition whereby men who wanted work could only find a "dole", thereby depleting the amount in the insurance fund which not long ago stood at more than $900 million, should at least be willing to make temporary loans to the fund. It would perhaps do so if it were willing to show this concrete evidence of its faith in its own prophecy of recovery and boom. But the least I should expect the Government to do is to replace in the fund the loss of $10 million in connection with sales of the Government's own bonds, because it must accept the responsibility in permitting this tighter-than-ever money market and its accompanying lower bond prices and record high interest rates. I should point out that this loss in the fund may not be the last, for at present Government bond prices the yet unrealized loss in book value of bonds held by the fund is some $62 million.

Honourable senators, in reading some of the debates of 1940 I find that there was strong resistance to the legislation on the part of the segment of workers and industry which felt that theirs was one which was more or less secure from the threat of prolonged unemployment. Over the years this resistance had pretty well disappeared. Now it has been discovered by these workers and their employers that their contributions are being swallowed up through extensions of unemployment insurance to an extent that has changed its original insurance concept to an income maintenance measure more in the nature of unemployment relief.

In connection with the recent departures from the insurance principle of the original legislation, the Montreal *Gazette* used strong words on its editorial page to describe the Unemployment Insurance Fund, when it said:

> At the present time it is in some danger of becoming a sort of political pot from which many may hope to extract some kind of benefit having only an indirect relation to unemployment.

The feeling is now growing that, in view of this new concept, instead of a 30 per cent to 50 per cent increase in contributions now being required of employees and employers by this bill, some other source of revenue should be found to compensate for the extraordinary depletion of the fund.

Such a segment of industry to which I have been referring is that which is the principal industry of my home town—the Bowaters Mersey Paper Company, whose full-time employees have never found it necessary to make withdrawals from the Unemployment Insurance Fund. Another such segment is the full-time dragger fishing industry of Lunenburg, or wherever else such a fleet may be based.

Perhaps the one segment of employers and employees who are in the category of being in employment without serious interruption and which has a national distribution is the service industries, such as stores, hotels, restaurants, et cetera.

Instead of being compelled to shoulder the full responsibility for the failure of the Government to promote better employment opportunities, these segments of which I speak would regard it as much fairer treatment to find in any new amendments to the Unemployment Insurance Act provision for reduction of premiums to those with unbroken records of continuous employment, rather than an increase. Such a policy of reducing premiums is not at all new in the field of insurance. It has been applied with respect to automobile insurance and workmen's compensation, and to those groups with good records when rates for life, casualty and fire insurance are being determined.

Honourable senators, I believe I have said enough at this time to indicate why the bill before us, in its present form, does not have my support.

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

PRIVATE BILL

DESJARDINS LIFE INSURANCE COMPANY—SECOND READING

Hon. Gustave Monette moved the second reading of Bill S-29, to incorporate Desjardins Life Insurance Company.

He said: Honourable senators, the purpose of this bill is to incorporate under the name Desjardins Life Insurance Company a mutual life insurance company without share capital. The names of the twelve persons seeking to incorporate this company are set out in section 1 of the bill. I mention this because of the importance I attach to these people. They are all businessmen of the province of Quebec, and among them are managers of companies, managers of municipalities, engineers, notaries and even barristers. The list includes the name of the Honourable Cyrille Vaillancourt, senator and manager. In Quebec you cannot have an institution bearing the name Desjardins without immediately

associating the Honourable Senator Vaillancourt with the splendid and important work done by Mr. Desjardins. The honourable senator has been a devoted follower of the social works founded by the genius of Mr. Desjardins, especially in matters of savings institutions, called *Caisses Populaires or Caisses Desjardins,* and savings banks attached to those institutions.

Section 2 of the bill provides that the provisional directors of the company shall be the petitioners. Though it is not set out in the bill, nearly half the petitioners herein were petitioners for incorporation under Quebec laws of a provincial company which has exactly the same name, in French, as that of the company which is seeking incorporation under this bill. That provincial act is chapter 102 of the statutes of Quebec, 1948. I mention this fact because it is provided in the bill before us that the new federal corporation will have to make certain arrangements with the Quebec corporation. These arrangements, which will be in the nature of acquiring rights, and so on, of the Quebec company, are outlined in section 10 of the bill.

Section 10 reads as follows:

> The Company may acquire by agreement the whole or any part of the rights and property and may assume the obligations and liabilities of L'Assurance-Vie Desjardins, incorporated by chapter 102 of the statutes of Quebec, 1948, hereinafter called "the Provincial Company"; and in the event of such acquisition and assumption, the Company shall perform and discharge all such obligations and liabilities of the Provincial Company with respect to the rights and property acquired as are not performed and discharged by the Provincial Company.
>
> (2) No agreement between the Company and the Provincial Company providing for such acquisition and assumption shall become effective until it has been submitted to and approved by the Treasury Board of Canada.
>
> (3) The reserve fund composed of the contributions made to the Provincial Company by the credit unions known as "Desjardins" may, when the Company's financial position permits and with the approval of the Superintendent of Insurance, be refunded in whole or in part to such credit unions in proportion to their several contributions, but a credit union shall not be obliged to accept a refund of contributions and may elect to remain as a contributor until a refund is agreed upon with the Company.

It is provided in section 11 of the Quebec act that contributions may be made by the public through a fund, and that is why this section 10, is arranged to ensure that proper refund will be made. Those who may not like to accept a refund will remain contributors, with the right to vote according to their numbers, or according to the amount of money they have in the fund, although they may not be directors.

Section 3 provides that the head office of the company will be at the city of Lévis, near the city of Quebec. Lévis is a city which is becoming more and more important.

Section 4 simply provides that the company shall be a corporation without share capital.

Section 5 specifies the classes of insurance for which the company may make contracts, namely, life insurance, personal accident insurance and sickness insurance, and it also provides that the company may carry on the business of life insurance generally in all its forms.

Section 6 is important because it provides that the company shall not commence business until a certificate of registry has been granted to it under the provisions of the Canadian and British Insurance Companies Act, and that no such certificate shall be granted until an agreement has been entered into between the company and the provincial company as provided in section 10 of this bill, which I have read. May I point out that section 12, the last section in the bill says that the Canadian and British Insurance Companies Act shall apply to the company.

Section 7 provides that every policyholder in good standing shall be a member of the company.

Section 8 provides for qualification of directors, and that a director shall cease to be a director if he ceases to be a member of the company. Every policyholder in good standing is a member of the company and eligible to be a director.

Hon. Mr. Macdonald: I notice clause 7 provides that every member will have a vote for each policy he holds. Does that mean that if one member holds a policy for $10,000 he will have just one vote, and that another member who holds a policy for $1,000 will also have one vote?

Hon. Mr. Monette: The honourable Leader of the Opposition is putting a question that I put to myself. For the time being I leave it as it is. However, if the bill receives second reading I will move that it be referred to a committee, at which time that point might be reconsidered.

Section 9 deals with the election of directors, and provides that at the first annual general meeting all the incorporators, the petitioners, shall be directors. After that first meeting, and at least three months before the next general meeting, the number of directors to be elected shall be determined by the company, which shall determine also the duration of their term of office, and provide for their gradual replacement if they so desire. It is provided, however, that the board shall at all times consist of not less than nine nor more than 21 directors.

Turning again to section 10, perhaps I should explain a little more about the reserve fund by reading subsection (5):

Notwithstanding sections 7 and 8 of this act, any credit union—

Unions subscribing to the fund are called credit unions.

—that has made a contribution to such reserve fund shall, so long as such contribution has not been refunded in full, be entitled to have a representative attend and vote at all general meetings of the members of the Company and such representative shall have one vote for every one thousand dollars, or fraction thereof, of contributions made by it and not refunded; such representatives may also elect from among themselves a number of directors equal to the lesser of three or the number of such representatives, and such directors shall form part of the board of directors provided by section 9 of this act.

Subsection (6) provides that a credit union, having contributed to the reserve fund, may transfer its rights to any other credit union.

Section 11 provides that this act shall come into force only at a date to be specificed by the Superintendent of Insurance in a notice in the *Canada Gazette*, and that such notice shall not be given until this act has been approved by a resolution adopted by at least two-thirds of the votes of the members of the provincial company. In other words, arrangements must have been fully made, and the Superintendent of Insurance must be satisfied that such arrangements have been executed. At the same time he should be satisfied, as the section says:

—by such evidence as he may require that such approval has been given and that the Provincial Company has ceased to do business or will cease to do business forthwith upon a certificate of registry being issued to the Company.

Hon. Mr. Hugessen: May I ask the honourable gentleman a question? I gather that the general purpose of this bill is to create a new federal corporation to take the place of the present provincial company. I did not hear my honourable friend give any reasons why it was felt necessary to substitute a federal company for the present provincial company.

Hon. Mr. Monette: There may exist many reasons in the mind of businessmen about it, particularly in the mind of the honourable senator from Kennebec (Hon. Mr. Vaillancourt), who is aware that this kind of insurance, this kind of savings institution, has proved to be so profitable to the people who utilize it is to justify enlargement of the company's operations throughout Canada. Federal incorporation is a normal procedure for any corporation to take in these circumstances. I cannot assign other reasons, but that seems to me to be a good reason, which again reflects credit upon the honourable senator from Kennebec.

Hon. Mr. Hugessen: I quite agree.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Monette, bill referred to the Standing Committee on Banking and Commerce.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. Mr. Aseltine: Honourable senators, before we adjourn I would like to obtain the consent of honourable senators to having Bill C-60, an Act respecting the adjustment of certain public service pensions, placed on the Orders of the Day for second reading as the first item of business tomorrow. I suggest this on account of the fact that the person in charge of the bill may not be here the first of next week.

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, June 25, 1959

The Senate met at 3 p.m., Hon. Lionel Choquette, Acting Speaker, in the Chair.

Prayers.

SPEECH FROM THE THRONE

ADDRESS IN REPLY—MESSAGE OF THANKS FROM GOVERNOR GENERAL

The Hon. the Acting Speaker informed the Senate that a message had been received from His Excellency the Governor General, reading as follows:

GOVERNMENT HOUSE
Ottawa

June 23, 1959

The Honourable the Members of the Senate:

I have received with great pleasure the Address that you have voted in reply to my speech at the opening of Parliament. I thank you sincerely for this Address.

Vincent Massey

DOCUMENT TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following document:

Report of the Fisheries Prices Support Board for the fiscal year ended March 31, 1959, pursuant to section 7 of the Fisheries Prices Support Act, Chapter 120, R.S. 1952. (English text).

CANADA-NOVA SCOTIA INDIAN RESERVES AGREEMENT BILL

REPORT OF COMMITTEE

Hon. Cyrille Vaillancourt presented the report of the Standing Committee on Natural Resources on Bill S-25.

The report was read by the Clerk Assistant:

The Standing Committee on Natural Resources, to whom was referred the Bill (S-25) intituled: "An Act to confirm an agreement between the Government of Canada and the Government of the Province of Nova Scotia respecting Indian reserves", have in obedience to the order of reference of June 23, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. Horner: Honourable senators, I move, with leave of the Senate, that this bill be read the third time now.

Motion agreed to and bill read third time and passed.

DIVORCE

REPORTS OF COMMITTEE

Hon. F. W. Gershaw, for Hon. Mr. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's reports Nos. 362 to 368 and moved, with leave, that the said reports be adopted.

Motion agreed to.

BILLS—FIRST READINGS

Hon. Mr. Gershaw, for Hon. Mr. Roebuck, presented the following bills:

Bill SD-349, an Act for the relief of Charles Guy Comeau.

Bill SD-350, an Act for the relief of Juanita Patricia Hamilton Long.

Bill SD-351, an Act for the relief of Benjamin Gordon Davidson.

Bill SD-352, an Act for the relief of Margaret Isabella MacKellar Thomas.

Bill SD-353, an Act for the relief of Philip Joseph Kelly.

He said: Honourable senators, there are six divorce petitions still before the house. Five of them were recommended by the committee, and the bills I have just presented are based on these. The other petition was refused.

Bills read first time.

SECOND READINGS

The Hon. the Acting Speaker: Honourable senators, when shall these bills be read the second time?

Hon. Mr. Gershaw: With leave of the Senate, I move the second reading now.

Motion agreed to and bills read second time, on division.

THIRD READINGS

On motion of Hon. Mr. Gershaw, with leave, bills read third time and passed, on division.

PUBLIC BILLS

SUSPENSION OF RULES

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

That for the balance of the present session Rules 23, 24 and 63 be suspended in so far as they relate to public bills.

Motion agreed to.

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, with leave of the Senate, I move that when the Senate adjourns today it stand adjourned to Tuesday next, June 30, 1959, at 3.00 o'clock in the afternoon.

Motion agreed to.

CITIZENSHIP

NOTICE OF INQUIRIES

On the notice of inquiries by Hon. Mr. Pouliot:

No. 1.

1. What is the total population of Canada?

2. By virtue of the Department of Citizenship and Immigration Act, and according to the most recent figures, how many persons in Canada:

(a) are British subjects, Canadian citizens, and citizens of the Commonwealth?

(b) are British subjects but are not Canadian citizens nor citizens of the Commonwealth?

(c) are citizens of the Commonwealth but are not British subjects nor Canadian citizens?

(d) are Canadian citizens but who are not British subjects nor citizens of the Commonwealth?

(e) are neither British subjects nor Canadian citizens nor citizens of the Commonwealth?

No. 2.

1. In Canada, how many married women have not been divorced and not separated from their husbands?

2. How many of these married women living in Canada have a citizenship distinct and different from that of their husbands?

3. Has the Canadian Government received from married women living in Canada and women's associations in Canada requests for amendment to the laws to permit married women to have a citizenship distinct from that of their husbands?

4. If so, from what persons and what associations, with the address of each one?

Hon. Mr. Aseltine: Stand.

I would like to inform the honourable senator from De la Durantaye (Hon. Mr. Pouliot) that I am making some progress. I have the answer to one of his questions, and I hope to have the other answer in time to present both of them at the next sitting.

Hon. Mr. Pouliot: Thank you very much.

PUBLIC SERVICE PENSION ADJUSTMENT BILL

SECOND READING

Hon. Gunnar S. Thorvaldson moved the second readng of Bill C-60, respecting the adjustment of certain public service pensions.

He said: Honourable senators, as is well known to you, the subject-matter of pensions frequently becomes controversial, complex and even perplexing, particularly for governments. Especially can this be true during a period of rising living costs, as a result of which hardships are created for persons whose livelihood is derived from fixed-dollar incomes.

The object of this bill is to alleviate somewhat this very problem, by adjusting upwards the pensions of former civil servants, of former members of the Armed Forces and of the Royal Canadian Mounted Police, and their dependents. The subject-matter of the bill has been under study for a long time, and I am informed that it was a matter of extreme difficulty to arrive at a satisfactory and fair formula, because of the many and involved factors which required to be taken into consideration.

Actually the substance of the bill, namely, the pension increases that I have referred to, were authorized by Vote No. 667 of Appropriation Act No. 5, 1958, which gave the Governor in Council the power to prescribe by regulation the terms and conditions under which the increases would be paid. Actually, the increases became effective on July 1, 1958. But, as indicated by the Minister of Finance in July last year, the intention of the Government was to introduce legislation at this session to provide permanent authority for the increases.

Because of the complexity of many of the details in the subject-matter of the bill, I will merely try to give the house the highlights of the matters involved.

The bill relates only to "length of service" pensions. That is, it does not affect other forms of pensions, such as those payable as a result of disability or death arising from public service.

The number of persons affected by the subject-matter of the bill was 15,425 during the fiscal year 1958-59, and the total cost for the nine-month period was $2,364,000. It is estimated that for the full year 1959-60 the cost will be $3,100,000.

The maximum amount of pension that is affected is $3,000. That is, pension increases will be confined to pensions not exceeding $3,000 per annum, and the total of the increase and pension combined will not exceed this amount.

The amount of increase is 32 per cent on the first $2,000 of pension in those cases where persons retired from service in 1945 and earlier. In other words, if the amount of pension for any such person is exactly $2,000, that pension will be increased by this legislation by 32 per cent, namely, to $2,640. Therefore, as one can see, the maximum increase of any pension is $640.

In cases of persons who retired between December 31, 1945 and December 31, 1952, the amount of increase is on a reducing basis, and no one who retired subsequent to 1952 is affected. In other words, it is deemed that persons who retired from service after 1952 had by then received the salary increases which were rather frequent up to the end of that year, and consequently no injustice to them is involved.

Similarly, in regard to persons retiring between 1945 and 1953, these had at various times benefited from salary increases during those years, and consequently their pensions have been correspondingly increased thereby. Therefore, these people do not benefit to the extent of 32 per cent, which is applicable only to the pensions of those persons who retired prior to the end of 1945.

It should also be said that the bill is not confined to an increase only of the pension payable to a retired employee, but extends on an equitable basis to widows and children, or orphans, who are in receipt of a pension payable in respect of the husband's retirement. In the case of a pension for a widow the increase is limited to pensions not exceeding $1,500, namely, half of the deceased husband's pension. In the case of a child it is limited to pensions not exceeding $300, and in the case of an orphan the increase applies to pensions not exceeding $600. In each of these cases the pension and increase combined will not exceed these respective amounts.

As I indicated previously, on the second reading of this bill, it was my intention to give merely the highlights, and not to go into any great detail. I think it would be much more appropriate if the various other factors that might be of interest to honourable senators were considered in committee, where we shall have the benefit of the presence of the officers of the Department of Finance who are responsible for preparation of the various formulae involved and the draft of the legislation.

Hon. Mr. Euler: May I ask the honourable senator a question? I take it that the increase is 32 per cent across the board. Is that correct?

Hon. Mr. Thorvaldson: It is 32 per cent, but only up to a maximum of $640 for any person.

Hon. Mr. Euler: It is a rather odd percentage. Is it calculated on any particular principle?

Hon. Mr. Thorvaldson: Yes. I think the principle is that 32 per cent is approximately the amount of the increase in the cost of living in this country from 1945 to the present time.

Hon. Mr. Reid: May I ask a question in regard to the status of a widow? A widow who is in receipt of a pension may remarry, but she will always be referred to as "the widow of the pensioner". Will the pension be continued in the event of her remarriage?

Hon. Mr. Thorvaldson: I must say that I cannot answer that question. I am sure we will get the answer in committee.

Hon. John J. Connolly (Ottawa West): Honourable senators, I think very few people can quarrel with the principle which is embodied in this bill. It was a principle which was accepted last year when Parliament passed the Appropriation Act which provided the money for additional payments to certain retired civil servants who were living on what were thought to be inadequate pensions, considering the cost of living and other factors which affected their later years. It is fairly well appreciated that the level of civil service salaries in the past few years has been a great deal different from what it was in earlier times, and a good many people who rendered very valuable service to this country have been attempting to eke out an existence on inadequate pensions. Some of the pension provisions which were available under the Public Service Superannuation Act, the Civil Service Superannuation Act and other similar pieces of legislation were, perhaps, below the levels provided by some of the pension plans of industry.

I think it is very praiseworthy that the Government of this country should do something about inadequate pension payments. We know a great deal about this in Ottawa; for I would imagine that most of the 15,000 odd pensioners live in this city. The honourable gentleman who explained this bill (Hon. Mr. Thorvaldson)—and I commend him for the clarity and simplicity of his explanation—said that no former civil servant who retired after 1953 can benefit from any of the provisions of this bill. In committee it might be well to question officials of the department to determine whether there may not be some hardship on pensioners who retired since 1953. At the present time the Standing Committee on Finance is studying the important subject of the threat of inflation in Canada, and I am sure all of us agree that the cost of living has advanced considerably since 1953. Even if we cannot amend the bill to provide for payments to those who retired since that time, an inquiry might point up the inequities, if any, in respect to those people.

I was interested in the question asked by the honourable gentleman from New Westminster (Hon. Mr. Reid), and I can certainly sympathize with the admission by the honourable senator from Winnipeg South that he cannot answer the question. I do not know of any legislation that is more difficult to interpret and, in fact, more difficult to read than the Public Service Superannuation Act and the Civil Service Superannuation Act. We are told that Philadelphia lawyers are pretty astute at threading their way through statutes, but I believe these statutes would defy the ingenuity of any Philadelphia lawyer. Perhaps the answer to the question raised by the honourable senator from New Westminster is to be found somewhere in the ramifications of the language in the original pensions acts themselves, but sometimes it is very hard to dig these answers out. The same thing is true of this bill. It had to be patterned upon the mother bill, which itself, as I have said, is as complicated a piece of legislation as we find on our

statute books. I feel this type of legislation could be simplified. It is important to those who benefit from it to know what their pension rights are, and I am sure there are many who cannot possibly ascertain what these rights are by reading the statutes. A similar plea has been made in Parliament many times, and it will probably be made many more times before the legislation is simplified. At any rate, we might inquire of the departmental officials if there is not a simpler and more colloquial way of expressing some of the provisions contained in these pension acts.

Honourable senators, I am particularly glad that this bill is to go to committee where I think we can obtain answers to questions that have been raised in this chamber and to others that will occur to us in committee.

Hon. W. Ross Macdonald: Honourable senators, I too was quite interested in the question raised by the honourable senator from New Westminster (Hon. Mr. Reid). He referred to the definition of "widow" as it is used in this legislation. In effect the question he posed was: When is a widow not a widow?

Hon. Mr. Aseltine: When she remarries.

Hon. Mr. Macdonald: I am not sure if, according to this legislation, she is not still deemed to be a widow.

Hon. Mr. Aseltine: No.

Hon. Mr. Macdonald: I understand that any pension paid under these acts is as a result of contributions made by a pensioner during his term of service, and that therefore he is entitled to draw that pension as a matter of right. I should think that if he died his widow would, as a matter of right, receive her share of the pension and would continue to receive it if she remarried. A "widow" is defined in paragraph (h) of section 2 of the bill, as follows:

> "Widow" means a person who is in receipt of a pension by virtue of being the widow of an employee.

If a widow remarries it is true she becomes a married woman, but she will always remain "the widow of an employee". According to this definition and my understanding of what contributory pensions mean, I would say that a widow, whether or not she remarries, would be entitled to receive the pension during the balance of her life.

Hon. Mr. Aseltine: I believe the honourable senior senator from Winnipeg (Hon. Mr. Haig) has some experience in this.

Hon. John T. Haig: I know something about this through actual experience. A young woman who was my private secretary for some years in the Senate was a widow. She was dealing with a claim under a federal pension statute applying to war widows, and the legal advisers of the Crown advised that it would be necessary to enact an amendment providing that if she remarried and her new husband died within a certain period of time the pension benefits of her first husband would revive. Otherwise the pension would cease upon her remarriage. I presume the same thing would apply here.

Hon. Mr. Reid: My point is that that is not made clear in this bill.

Hon. Mr. Haig: Before this young lady remarried I told her that if her new husband lived beyond a period of so many years, she would never be able to revive the pension rights of her deceased husband. I think if he lived for five years—

Hon. Mr. Aseltine: That is, the new husband.

Hon. Mr. Haig: Yes—the pension would not revive.

Hon. T. A. Crerar: I understand the purpose of this bill is to provide improvements in the pensions of former civil servants. Will they be eligible for old age security benefits when they attain the age of 70?

Hon. Mr. Thorvaldson: Old age security payments do not interfere in any way with the benefits provided by this legislation.

Hon. Mr. Crerar: Rather, the benefits provided by this legislation do not interfere with their right to receive old age security benefits?

Hon. Mr. Haig: That is correct.

Hon. Mr. Crerar: I am not a Philadelphia lawyer. I am not even the ordinary garden variety of lawyer—

Hon. Mr. Euler: What kind are you?

Hon. Mr. Crerar: —but I would draw the attention of my highly esteemed colleague the honourable senator from Ottawa West (Hon. Mr. Connolly) to the fact that some former civil servants who retired in 1953, which is six years ago, are already in receipt of old age security payments in addition to their civil service pension. I am not opposing this measure, but what we are seeking to do is to provide equity and fairness to the employee, and in doing that I suggest to this house that it is worth while, occasionally, at any rate, to bear in mind that the taxpayers of this country have to provide all these increased emoluments.

Hon. Mr. Davies: Honourable senators, I take it that if the people who receive these increased pensions were still working they

would be paying income tax and thus be contributing toward the old age pension.

I would like to ask the honourable senator from Winnipeg South (Hon. Mr. Thorvaldson) a question. Does this measure apply to both permanent and temporary civil servants? I understand temporary civil servants are in a different category. Will they also get the pension?

Hon. Mr. Thorvaldson: I would not think so, no.

Honourable senators, I can now answer the question put by the honourable senator from New Westminster (Hon. Mr. Reid) in regard to the remarried widow. The fact is that the remarried widow's pension is discontinued under the main act, and consequently she would not benefit under this bill.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Thorvaldson, bill referred to Standing Committee on Banking and Commerce.

FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS BILL

THIRD READING

Hon. W. M. Aseltine moved the third reading of Bill C-41, to amend the Federal-Provincial Tax-Sharing Arrangements Act.

He said: Honourable senators, in the absence of the sponsor of this bill (Hon. Mr. Brunt), I move third reading of the bill now.

When this bill was before the committee certain information was given by departmental officials with respect to the estimated payments to the provinces in 1959-60 under the old rates and also under the new rates. The figures appear to be quite complicated, and the sponsor of the bill was asked if he would present them in the Senate on third reading of the bill. I have two tables here and I ask permission of the house to have them made an appendix to today's *Hansard*.

Hon. Senators: Agreed.

See appendix to today's Hansard, *pp. 919-20.*

Hon. Mr. Golding: Honourable senators, may I ask the honourable leader if the rate this year is not the same as it was last year?

Hon. Mr. Aseltine: It is 13 per cent now instead of 10 per cent.

Hon. Mr. Bouffard: It was 13 per cent last year.

Hon. Mr. Macdonald: Yes, the 13 per cent rate was in effect last year.

Hon. Mr. Aseltine: Perhaps I did not put it correctly, but the headings on the tables will make the matter clear when they appear in *Hansard*.

Hon. Mr. Bouffard: The question before the committee yesterday was what amounts would have been paid to the provinces under the old rates, and what amounts will be paid after the increase in rates. I understand that the tables which are being printed as an appendix give the answer.

Hon. Mr. Aseltine: That is what these tables show.

Hon. Mr. Golding: But I think it is expected that the revenue will be a little higher this year and that therefore the provinces will get a little more.

Hon. Mr. Aseltine: These tables give estimates only.

Hon. Mr. Crerar: May I ask my honourable friend a question? I understand the original payments were 1 per cent of the corporation tax and 10 per cent of the personal income tax collected within the province.

Hon. Mr. Bouffard: Nine per cent of the corporation tax.

Hon. Mr. Aseltine: The proportions were 13-9-50.

Hon. Mr. Crerar: But that arrangement was covered by legislation for only a year, in the expectation that another conference would take place, so if we do not pass this bill now we revert to the original rate of 10 per cent of the personal income tax?

Hon. Mr. Aseltine: That is correct.

Hon. Jean-François Pouliot: Honourable senators, I was very much interested in the answers that were given to the committee by the official from the Department of Finance. For a long time I was wondering what was the demarcation line between richer and poorer provinces, and I asked the witness if Alberta, which pays a dividend, is a rich or a poor province. He explained to me that the word "poor" applied to a province did not mean actually poor, that the provinces were rated not according to their natural resources but according to the revenue they obtain from taxation, and therefore the provinces that imposed the lesser taxation were considered poorer than those where the taxation was higher. I found that way of reasoning very difficult to understand and to follow, because, again taking Alberta, for example, its returns from oil have been stupendous and it has practically no debt, yet it is still classed as one of the poorer provinces.

As I said the other day, my contention is that each province should be self-supporting at the present time, as it could have been years ago at the time of the Rowell Commission, which should have been called the Dafoe Commission, because it was that self-taught gentleman who had the idea of giving

a false description of some of the provinces of Canada. The purpose behind it was to create centralization of taxation here in Ottawa, and the Government of Canada had all the odium of taxing to get money to distribute it afterwards to the provinces. In my view it was a wrong arrangement and I had the satisfaction of writing editorials about the matter in one of the large Montreal dailies as well as expressing myself very plainly in the House of Commons.

The time has come when Ottawa shall not again be the collector for the provinces, but the provinces shall collect their own taxation, as is well done in the province of Quebec. Some time ago I was invited to speak to a large group of students at Hart House, Toronto, and I told them that the Premier of Quebec had more dignity than his colleagues in any other province of Canada because he was collecting his own taxes, that that province itself was imposing taxation and did not rely on gifts from Ottawa. That is an example that might well be followed.

I realize that the situation is pretty difficult and that it is much easier for the provincial Governments to ask Ottawa for a share of the federal taxation than to go to the trouble of collecting it themselves. They are in the hands of the Government of Canada for a large share of the taxation that is imposed for provincial purposes. Once more I say it is not a Conservative doctrine I am referring to, but a doctrine expounded by Sir Wilfrid Laurier himself. He said it was a great financial mistake for the federal Government to collect taxes and to distribute the returns to the provinces. I do not blame this Government at all, because this legislation, although it is temporary, means an improvement: it means that Ottawa will give leeway to the provinces to the extent of 13 per cent instead of 10 per cent as it was last year. The witness said also that the provinces will be able to get $47 million more from Ottawa under the new arrangement than if the rate remained at 10 per cent.

At my age, and after the numerous years I have spent in politics, I am ready to give anyone his due. I find this is a good piece of legislation for the time being but I hope that the representatives of the eleven Governments in Canada—the Dominion Government and the ten provincial Governments—will meet at the earliest possible opportunity to discuss amicably this most important question for the people of Canada, and come to a satisfactory conclusion about it. It can be done. Naturally, the taxation will come from the provinces, but so much less taxation will come from the Canadian Government.

Years ago, before the last war, I suggested in the House of Commons that tax revenues should be earmarked. In the province of Quebec the tax that is paid on amusements, for instance—on theatre tickets and so on—is earmarked for the hospitals. That system should be followed in other places, in order that the taxpayers may know why they are paying such a tax. If taxes were imposed in that manner and the people were informed about where their tax money goes, this would lead to a certain degree of economy and have a salutary effect for all.

Hon. J. Wesley Stambaugh: Honourable senators, just to correct an impression that my colleague may have created about the people of Alberta, I would like to say it is true that the province has resources to pay off the provincial debt, but the municipalities have been starved. They are very heavily in debt and their tax rates are high. As an illustration, on my farm the tax rate now is 67 mills. That is higher than the tax rate in the city of Ottawa, which has paved streets and the usual civic services. It is even higher than the tax rate in the city of Montreal. So you see the people of Alberta themselves are very heavily taxed and the province is really poor.

Hon. Mr. Pouliot: Honourable senators, will you permit me to say another word? If at the next conference the parties could conduct their discussions in such a friendly manner as my deskmate and I have done, there would be a happy solution of the problem.

Motion agreed to and bill read the third time and passed.

PRIVATE BILL

STANDARD TRUST COMPANY— THIRD READING

Hon. Mr. Aseltine, for Hon. Mr. Brunt, moved the third reading of Bill S-28, an act to incorporate Standard Trust Company.

Motion agreed to and bill read third time and passed.

CANADA-FINLAND INCOME TAX CONVENTION BILL

THIRD READING

Hon. John Hnatyshyn, for Hon. Mr. Thorvaldson, moved the third reading of Bill C-54, to implement a convention between Canada and the Republic of Finland for the avoidance of double taxation with respect to income tax.

Motion agreed to and bill read third time and passed.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

SECOND READING

Hon. W. M. Aseltine moved the second reading of Bill C-61, to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System for the period from the 1st day of January, 1959 to the 30th day of June, 1960, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

He said: I wish to give honourable senators a brief explanation of this bill, and it can be sent to the Committee on Transport and Communications for very full consideration. At that time senior officials of the Canadian National Railway Company will be present.

Hon. Mr. Macdonald: May I ask the honourable leader (Hon. Mr. Aseltine) if it is customary to send this bill to the Transport Committee or to the Banking and Commerce Committee? It is a financial measure. I do not know what the practice has been in this respect.

Hon. Mr. Aseltine: I do not remember.

This bill is the annual bill to provide for the financing of the capital expenditures of the Canadian National Railways for the calendar year 1959 and for the first six months of 1960. This provision for the financing of the expenditures of the first six months of the next year was first adopted in 1952 and has been carried on annually since that time. The reason this procedure is followed is that it is not possible to have the capital budget of the railways approved in any year much before the middle of March.

These capital expenditures are financed in the first instance by loans from the Government, through the Minister of Finance. When these loans reach an amount for which a public issue of Canadian National Railway Company bonds can be made, a Government-guaranteed issue is sold and the proceeds used to repay the loans which have been made previously through the Minister of Finance.

In addition, the bill provides for authority to enter into contracts prior to the first day of July 1960 for the acquisition of new equipment and for general additions and conversions that will come in course of payment after the calender year 1959 in amounts not exceeding, in the aggregate, $81 million. This authority was first included in the legislation of 1952 and has been carried on annually since that time.

Honourable senators will see in the explanatory notes to the bill how the figure of $289,900,000 is arrived at. With permission of the house I will place these figures on *Hansard*, so that when honourable senators not need to refer to the bill.

The amount of $289,900,000 appearing in clauses 4(3) and 6(2) of the bill is computed as follows:

Road property		$172,295,000	
Branch line construction		10,141,000	
Hotels		3,568,000	
Equipment		88,480,000	
Investment in affiliated companies:			
Trans-Canada Air Lines financial requirements	$57,000,000		
Others	17,416,000		
		74,416,000	
			348,900,000
Less:			
Uncompleted work			38,000,000
			310,900,000
Add:			
Interim financing authority January 1 to June 30, 1960, on obligations incurred prior to January 1, 1960			130,000,000
			440,900,000
Less:			
Depreciation accruals and amortization of discount on funded debt, etc. in relation to calendar year 1959		101,000,000	
and			
Depreciation accruals and amortization of discount on funded debt, etc. in relation to period January 1 to June 30, 1960		50,000,000	
			151,000,000
			$289,900,000

As of today's date loans from the Government are outstanding for capital expenditures in the amount of $264,427,301.51, which were authorized by Financing and Guarantee Acts of 1955, 1956, 1957 and 1958. These are the statutes which, I understand, are passed every year for the purpose of providing for this capital expenditure of the railway company.

In addition to the provision for financing the capital expenditures of the railway, authority is requested for making temporary advances to meet the operating deficits of the railway and of Trans-Canada Air Lines up to June 30, 1960. While the operating deficit for 1959 of the railway is estimated at $34,400,000, the Air Lines expect an operating surplus of $500,000. These temporary loans for operating deficits are either repaid from surplus earnings or from a deficit appropriation in the supplementary estimates approved by Parliament. As of today's date temporary loans for deficits amount to $21 million in the case of the railway and $3,270,000 in the case of the Air Lines.

That, honourable senators, is a brief explanation of the bill. The final clause provides for the appointment of independent auditors of the railways.

If and when this bill receives second reading I will propose to refer it to the Committee on Transport and Communications, so that the President and other officials of the railway can be present to answer questions. I have already asked them to be prepared to reply to the question submitted by the honourable senator from Blaine Lake (Hon. Mr. Horner) with regard to parking at the Chateau Laurier, and probably they will have an answer for him at that time.

I therefore ask the Senate to give this measure second reading now. It is quite possible that the officials of the railway system can be here some time toward the latter part of next week to attend a meeting of the committee, but we would have to give them several days' notice.

Hon. W. Ross Macdonald: Honourable senators, I interrupted the leader when he was explaining this bill to ask him to what committee bills similar to this one have been sent in previous sessions. I have since been informed that it is customary to send such bills to the Standing Committee on Transport and Communications. I am quite in accordance with that practice, and I expect, as in former years, the officials of the railway will be present. They have always been eager to give us complete answers to any problems we have posed, and the meetings have always been interesting and worth while. Therefore, any remarks which I have to make on this bill I will reserve until after I have heard from the railway officials at the committee meeting.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Aseltine, bill referred to Standing Committee on Transport and Communications.

FARM IMPROVEMENT LOANS BILL

SECOND READING

Hon. Arthur M. Pearson moved the second reading of Bill C-63, to amend the Farm Improvement Loans Act.

He said: Honourable senators, by way of explanation of this bill, may I say that it contains certain proposed amendments to the Farm Improvement Loans Act. The act was initiated in 1944 and came into force on March 1, 1945. Its purpose was to make provision for intermediate or short-term credit to farmers for the development of farms and the improvement of living conditions on the farm. Briefly, it enables the farmer to buy new equipment, procure better live stock, and make improvements to his farm, such as breaking land and fencing, irrigating and building small dams to retain water, etc. In the matter of improving living conditions, it enabled the farmer to put in rural electrification or improve the house and outbuildings around the farm. These are just some of the benefits farmers derive from these short-term loans.

Under this act the federal Government agreed to advance the sum of $300 million, extended over a period of three years at a time. Actually, the money was loaned by individual banks, which dealt with the farmers directly, the Government guaranteeing the loans to the extent of 10 per cent. At the outset, the maximum loan a farmer could obtain at any one time in any one year was $3,000. Shortly afterwards this amount was increased to $4,000, and at present the maximum is $5,000.

Since the inception of the act a total of $813,499,000 has been advanced to farmers, and during the same period, up to December 31, 1958, there has been repaid the amount of $675,433,000, or approximately 83 per cent of the borrowings. The accumulated losses on all these loans amount to less than one-tenth of 1 per cent, which indicates the value the farmer places on the loans, and also the benefit they have been to him.

With respect to equipment or machinery, the largest borrowings during 1958 have been in the province of Saskatchewan, to a total amount of $17,583,000. This is closely followed

by Alberta, with total borrowings of $17,538,000; Quebec, in third position, had borrowings of $13,925,000, followed by Ontario, Manitoba, British Columbia, Prince Edward Island, Nova Scotia, New Brunswick and Newfoundland, in that order, the total amount being $71,787,000.

On the other hand, it is interesting to note that in the matter of houses or buildings, etc. on the farm, Ontario leads the field with total borrowings in 1958 of some $4,046,000, followed by Alberta with $2,014,000. Quebec is again in third position, with borrowings of $1,158,000. The total borrowed for farm buildings was $10,004,000. Loans were also made for irrigation and the building of small dams etc., to a total in 1958 of $90,539,000.

This represents an increase of some $20 million in borrowing over each of the previous three years, 1955, 1956 and 1957. The indications are there will be a considerable increase in borrowing in 1959 over 1958. Comparing the first three months of the year with the three corresponding months of 1958, we find the loans this year are $14,707,000 as against $10,436,000 for 1958, or an increase of about 41 per cent.

Now, honourable senators, I shall refer to the bill itself and indicate the effect of the proposed amendments.

The present act defines "farm" as follows:

"farm" means land in Canada used for the purpose of farming which term includes live stock raising, dairying, fruit growing and all tillage of the soil.

Section 1 of the bill extends that definition to cover "farm" and "farming" separately. The proposed definition reads:

"farm" means land in Canada used for the purpose of farming;

"farming" includes live stock raising, dairying, bee keeping, fruit growing and all tillage of the soil.

I point out that "bee keeping" has been added.

Subsection 2 of section 1 of the bill would amend section 2(1)(h) of the act by repealing subparagraph (i), and substituting therefor the following:

(i) the purchase of agricultural implements or any stock or equipment for bee keeping.

In other words, persons now interested in producing honey may qualify for loans under the act.

Subsection 3 of section 1 of the bill amends section 2(1)(k) of the act by adding the word "poultry". That paragraph will now read:

(k) "live stock" includes horses and mares, bulls, cows, oxen, bullocks, steers, heifers and calves, sheep, swine, poultry, and fur-bearing animals.

Subsection (2) of section 2 of the act is repealed, and the following is substituted for it:

(2) For the purpose of the Bank Act, the expressions "farm" and "farming" have, in respect of a farm improvement loan, the same meanings respectively as they have in this act.

Under section 2 of the bill the maximum amount of the loan that a farmer can receive has been raised to $7,500. This is pretty well in line with the added costs of machinery and lumber, etc.

Section 3 of the bill amends subsection (2) of section 4 of the act by striking out the word "and" after paragraph (d) thereof, by inserting the word "and" after paragraph (e), and by adding thereto the following paragraph:

(f) the period commencing on the 1st day of April, 1959 and ending on the 30th day of June, 1962.

The final item is the renewal of the credit of $300 million that the Government has advanced.

In moving second reading, honourable senators, I suggest that this bill be considered by the Standing Committee on Banking and Commerce.

Hon. Austin C. Taylor (Westmorland): Honourable senators, it is not my purpose to delay second reading of this bill, but there are one or two observations I would like to make and one or two questions I would like to ask.

May I express my appreciation of the clarity with which the sponsor (Hon. Mr. Pearson) presented the bill? The bill, in itself, is one which even a layman can well understand, and since it is an amendment to one of the best pieces of farm legislation that we have on the statute books of Canada, I fully support it. As a matter of fact, I think that this is one act which has helped, to a marked degree, to keep our good farmers on the farms, particularly during the past ten years. The fact remains, however, that from time to time certain amendments became necessary. For instance, it was necessary to clarify certain definitions. The extension of the definitions of the words "farm" and "farming" is a good idea. The new definition is clearer than the one now in the act and, as the sponsor said, it brings in those who are engaged in the honey producing industry.

Referring to the last clause of the bill—and I do not need to go over them all, because the sponsor has already indicated their purpose—I am a little concerned about the amount of money that is provided. As the sponsor has already indicated, during 1958 an amount of $90 million odd was loaned under this act, which exceeds by about $20 million the amount loaned in each of the previous three years. For the first three months of this year there has been an increase, as was indicated, of about 41 per cent, and even

if it is not maintained at that rate throughout the year it will mean loans of well over $100 million. Under present conditions I anticipate that in the next three years the borrowings will increase annually. The former act provided for $300 million over a period of three years, and this bill provides for the same amount over a period of three years and three months. According to clause 3 of the bill, apparently the former act has not been in effect since March 31 this year. I am wondering if loans have been granted on the same terms and conditions during the intervening period as they were when the act was in effect. The reason I mention this is that owing partially to tight money and high interest rates, farmers undoubtedly will depend more on short-term loans under this act. I do not need to explain why this is so, but I believe it is because the interest rate has not been changed in the act.

Much has been heard of the cost-price squeeze on agriculture, and those of us in this chamber who are farmers know something about it. Conditions on the farms today are such that we have to make known the necessity for giving every consideration possible to the agricultural people of this country, and the following fact should be mentioned as often as possible. If you take the cost of agricultural production and the revenue from farms in 1949 on the basis of 100, then in 1958 wholesale farm prices dropped to 97, and farm costs rose to 127.

And as far as I can see, the gap is still widening and the cost-price squeeze on the farmer is tightening all the time. That is the chief reason for my asking whether this amount of $300 million is sufficient to meet the needs over the next three years and three months.

My questions can probably be answered in committee. I repeat that I fully support the bill. I fully supported the original act and the amendments to it. As I stated from time to time there must of necessity be amendments for the sake of clarity and for the purpose of bringing in farm groups which were not included in the original act.

Hon. Mr. Pearson: May I answer the honourable senator at this time?

Hon. Mr. Haig: No. The bill will go to committee.

Hon. Mr. Macdonald: As far as I am concerned, the honourable gentleman can answer.

The Hon. the Acting Speaker: If the honourable senator wishes to answer, I think he may.

Hon. Mr. Pearson: I discussed these matters with the Department, and in both cases I was informed they had taken them under advisement. If the amount of $300 million proves insufficient—and they anticipate now it will not be enough if the present rate is continued—they will have to call for additional sums later on, and before the three years have expired.

Hon. Mr. Taylor (Westmorland): That would mean another amendment to the act?

Hon. Mr. Pearson: Yes.

Hon. John A. McDonald: To answer the question that was asked in regard to clause 3, I would say that when the bill becomes law and goes into effect it will be retroactive to April 1, 1959.

Hon. Mr. Pearson: Yes. The minister wrote a letter advising the department to carry on on the same basis until this bill is passed, and that loans should be made at the same rate of interest as previously.

Hon. Mr. Taylor (Westmorland): I am very glad to know that. I anticipated that that was the answer.

Hon. Mr. Macdonald: What power did the minister have to put in effect a bill which had not been passed by the other house? I would like to know by what authority he could give a letter authorizing that the provisions of the act should continue in spite of the fact that they had expired.

Hon. Mr. Haig: I will give you the answer. It was for the same reason, that I, as a lawyer, say that my client will sign papers when he comes in. I say that because I know he will.

Hon. Mr. Macdonald: I do not think that that is a very good answer.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Pearson, bill referred to Standing Committee on Banking and Commerce.

INTERNAL ECONOMY

REPORTS OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the fifth, sixth, seventh, eighth, ninth and tenth reports of the Standing Committee on Internal Economy and Contingent Accounts, which were presented yesterday.

Hon. Mr. Macdonald: Honourable senators, I would suggest that one motion be made for adoption of all these reports.

Hon. Mr. Aseltine: Yes. I was going to propose that myself.

On motion of Hon. Mr. Aseltine, for Hon. Mr. Brunt, Chairman of the committee, reports adopted.

The Senate adjourned until Tuesday, June 30, at 3 p.m.

APPENDIX

(*See p. 913*)

ESTIMATED PAYMENTS TO PROVINCES UNDER FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS ACT

ESTIMATED PAYMENTS TO THE PROVINCES 1959–60 [1]

FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS ACT STANDARD TAX RATES 13–9–50

(All money figures except per capitas are in thousands of dollars)

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
1. Population 1959 office est. (000)	450	100	718	589	5,010	5,984	880	897	1,242	1,601	17,471
Yield of Standard Taxes	$	$	$	$	$	$	$	$	$	$	$
2. Individual Income Tax (13%)	2,070	300	3,993	3,121	45,843	97,636	8,898	6,438	14,015	25,634	208,038
3. Corporation Income Tax (9%)	2,469	414	4,395	3,533	75,272	112,076	9,250	7,372	15,954	26,306	257,041
4. Succession Duty Tax (50%)	357	132	1,175	1,199	12,720	27,400	2,213	1,129	2,261	4,071	52,657
5. Total Yield of Standard Taxes	4,896	846	9,563	7,853	133,835	237,112	20,361	14,939	32,320	56,011	517,736
6. Total Yield of Standard Taxes—per capita	10.88	8.46	13.32	13.33	26.71	39.62	23.14	16.65	26.02	34.99	
Equalization											
7. Per capita Equalization to top 2 ($38.65)	27.77	30.19	25.33	25.32	11.94	—	15.51	22.00	12.63	3.66	
8. Equalization Payments	12,497	3,019	18,187	14,913	59,819	—	13,649	19,734	15,686	5,860	163,364
9. Standard Taxes plus Equalization	17,393	3,865	27,750	22,766	193,654	237,112	34,010	34,673	48,006	61,871	681,100
Stabilization											
10. Adjusted 1957 Tax Rental Payment	15,043	3,089	22,769	19,227	152,025	190,471	29,148	28,535	39,825	60,222	561,074
11. Projected Tax Rental Payment	16,412	4,145	24,818	20,774	163,870	205,353	31,729	30,913	43,190	64,900	606,104
12. Basic Stabilization Amount	15,758	3,969	25,744	20,823	175,817	212,877	31,542	32,218	43,057	58,460	620,265
13. Stabilization Payment	—	280	—	—	—	—	—	—	—	3,029	3,309
14. Total Standard Taxes, Equalization and stabilization	17,393	4,145	27,750	22,766	193,654	237,112	34,010	34,673	48,006	64,900	684,409
15. Total Payments to Provinces in accordance with Federal-Provincial Tax-Sharing Arrangements and Tax Rental Agreements thereunder	17,393	4,145	27,750	22,766	59,819	97,636	34,010	34,673	48,006	64,900	411,098
(*a*) less deduction under clause 9 for Special Corporation Taxes—Quebec	—	—	—	—	4,010	—	—	—	—	—	4,010
(*b*) plus Atlantic Provinces Adjustment Grant	7,500	2,500	7,500	7,500	—	—	—	—	—	—	25,000
16. Actual Payments	24,893	6,645	35,250	30,266	55,809	97,636	34,010	34,673	48,006	64,900	432,088

[1] As prepared for 1959–60 Estimates—Bluebook pages 23–4.

ESTIMATED PAYMENTS TO THE PROVINCES 1959–60 [1]

FEDERAL-PROVINCIAL TAX-SHARING ARRANGEMENTS ACT IF STANDARD TAX RATES WERE 10–9–50

(All money figures except per capitas in thousands of dollars)

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
1. Population 1959 office est. (000)	450	100	718	589	5,010	5,984	880	897	1,242	1,601	17,471
Yield of Standard Taxes	$	$	$	$	$	$	$	$	$	$	$
2. Individual Income Tax (10%)	1,593	232	3,072	2,400	34,088	75,106	6,844	4,954	10,849	19,720	158,858
3. Corporation Income Tax (9%)	2,469	414	4,395	3,533	75,272	112,076	9,250	7,372	15,954	26,306	257,041
4. Succession Duty Tax (50%)	357	132	1,175	1,199	12,720	27,400	2,213	1,129	2,261	4,071	52,657
5. Total Yield of Standard Taxes	4,419	778	8,642	7,132	122,080	214,582	18,307	13,455	29,064	50,097	468,556
6. Total Yield of Standard Taxes—per capita	9.82	7.78	12.04	12.11	24.37	35.86	20.80	15.00	23.40	31.29	
Equalization											
7. Per capita Equalization to top 2 ($34.90)	25.08	27.12	22.86	22.79	10.53	—	14.10	19.90	11.50	3.61	
8. Equalization Payments	11,286	2,712	16,413	13,423	52,755	—	12,408	17,850	14,283	5,780	146,910
9. Standard Taxes plus Equalization	15,705	3,490	25,055	20,555	174,835	214,582	30,715	31,305	43,347	55,877	615,466
Stabilization											
10. Adjusted 1957 Tax Rental Payment	15,043	3,809	22,769	19,227	152,025	190,471	29,148	28,535	39,825	60,222	561,074
11. Projected Tax Rental Payment	16,412	4,145	24,818	20,774	163,870	205,353	31,729	30,913	43,190	64,900	606,104
12. Basic Stabilization Amount	15,758	3,969	25,744	20,823	175,817	212,877	31,542	32,218	43,057	58,460	620,265
13. Stabilization Payment	707	655	689	268	982	—	1,014	913	—	9,023	14,251
14. Total Standard Taxes, Equalization and Stabilization	16,412	4,145	25,744	20,823	175,817	214,582	31,729	32,218	43,347	64,900	629,717
15. Total Payments to Provinces in accordance with Federal-Provincial Tax-Sharing Arrangements and Tax Rental Agreements thereunder	16,412	4,145	25,744	20,823	53,737	75,106	31,729	32,218	43,347	64,900	368,161
(*a*) less deduction under clause 9 for Special Corporation Taxes—Quebec	—	—	—	—	4,010	—	—	—	—	—	4,010
(*b*) plus Atlantic Provinces Adjustment Grant	7,500	2,500	7,500	7,500	—	—	—	—	—	—	25,000
16. Actual Payment	23,912	6,645	33,244	28,323	49,727	75,106	31,729	32,218	43,347	64,900	389,151

[1] Prepared on the same basis as the 1959–60 Estimates—Bluebook pages 23–4 save a standard individual income tax rate of 10% was employed.

THE SENATE

Tuesday, June 30, 1959

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

Prayers.

ROYAL CANADIAN MOUNTED POLICE SUPERANNUATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-57, respecting the superannuation of members of the Royal Canadian Mounted Police.

Bill read first time.

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

Hon. Mr. Aseltine: Thursday next.

QUEEN ELIZABETH II CANADIAN RESEARCH FUND BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-65, to mark the occasion of Her Majesty's visit to Canada by providing for the establishment and administration of a fund to aid in research on the diseases of children.

Bill read first time.

SECOND READING

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

Hon. W. M. Aseltine: I move, seconded by the honourable Leader of the Opposition (Hon. Mr. Macdonald), that this bill be read the second time now.

Honourable senators, I consider it a great honour indeed to have the privilege of presenting this bill to this honourable body of senators this afternoon.

The purpose of the bill is to establish by an Act of Parliament a fund to aid in research on the diseases of children, the setting up of which fund will commemorate the visit to Canada of Her Majesty the Queen.

I feel sure that this measure will receive the hearty support of all honourable senators. It is hoped that by unanimous consent the bill will be passed through all stages this afternoon, so that when Her Majesty arrives in Ottawa this evening it may be reported to her that the necessary legislation establishing the fund has been passed by both houses of the Canadian Parliament.

Honourable senators will undoubtedly recall that on June 11 the Prime Minister of Canada, speaking in the other place, announced the intention of the Government to establish a fund for research on children's diseases as a commemorative gesture in connection with Her Majesty's visit to this country. Her Majesty has had a long and continuing personal interest in the welfare of children and she was graciously pleased to approve the proposal of the Government for the establishing of this fund.

This fund, honourable senators, will be set up on the occasion of our Queen's visit in lieu of the usual gifts that are made to Her Majesty by Canada on such occasions. I am sure that this gesture, which will have the effect of benefiting Her Majesty's subjects in Canada, will confirm and strengthen the deep admiration and devotion in which Her Majesty is held by all of us.

If I may be permitted, I should like to make some general references to the provisions of the bill. Honourable senators have copies of the bill in their desks. It was considered that this fund would be more significantly constituted if it was in the form of a special act of Parliament rather than merely an item in the estimates. So, on that account and for that reason we have Bill C-65 before us.

The preamble to the bill sets out generally the background and intent of the legislation. The preamble reads in part as follows:

> Most Gracious Sovereign,
>
> Whereas it has pleased Your Majesty to approve the suggestion that the occasion of your visit to Canada and your personal interest in the well-being of children should be marked by the establishment in your name of a fund to be devoted to the furthering of research into the diseases of children and the prevention and cure of such diseases, to which all who wish in this way to make a gift to Your Majesty may contribute:

Clause 2 of the bill states that the purpose of the act is the establishment of the Queen Elizabeth II Canadian Fund to Aid in Research on the Diseases of Children.

The purposes of the fund are set out in paragraph 3, namely,

> —to assist individuals or organizations to undertake or carry on research into the diseases of children, and the causes, prevention and treatment of such diseases.

Parliament is being asked, honourable senators, to allocate the sum of $1 million to this fund. In reading the press of this country I find that several of the provinces of Canada are making like gifts. For example, I have

in my hand a clipping from one of the daily papers, which reads as follows:

Edmonton, June 26. A scholarship fund worth $910,000 annually will be Alberta's gift to the Queen when she visits the province, July 21, Premier E. C. Manning announced today.

I understand that other provinces are making gifts of a similar nature.

Hon. Mr. Macdonald: $900,000 annually?

Hon. Mr. Aseltine: $910,000 annually. I cannot vouch for the correctness of that figure, but the clipping is from one of the Ottawa daily papers so I presume there is some foundation for the report.

Hon. John A. McDonald: Will the honourable senator permit a question? Can he state if gifts from individuals to this fund will be treated as charitable gifts for income tax purposes?

Hon. Mr. Aseltine: I had anticipated that question and am just coming to it. Provision is made in the bill for acceptance by the board of trustees which is set up under clause 5, of contributions from any private individual, corporation or other source, and here I refer to clause 10. Under clause 12, contributions to the fund shall be deemed to be gifts to Her Majesty, and will thereby obtain the benefits of tax exemption as provided for by the Income Tax Act and the Estate Tax Act. Sections 27 (1) (b) and 112 (4) (d) of the Income Tax Act, Chapter 148 of the Revised Statutes of Canada, and section 7 (1) (d) of the Estate Tax Act, Chapter 29 of the 1958 Statutes of Canada, cover the point in question.

I would like to add that in the present bill reference is made to "gifts to Her Majesty". In the Income Tax Act and the Estate Tax Act the reference is to "Her Majesty in right of Canada". While, technically speaking the wording is not the same, I understand from the Taxation Division of the Department of National Revenue that the term "gifts to Her Majesty" will be interpreted as being sufficient to bring such gifts within the ambit of exemptions under the Income Tax Act and the Estate Tax Act. Also, since this is an act of the Parliament of Canada, the natural inference is that any reference to Her Majesty is a reference to Her Majesty in right of Canada.

As I have already mentioned, under the bill a board of trustees is being constituted to manage and administer the funds. In this respect I refer to clauses 5 and 11. There is also provision made, in clause 14, for an annual audit of the funds, and, in clause 15, for an annual report to Parliament.

Honourable senators, having said these few words in explanation of the bill, I will conclude by expressing again what I know must be the unanimous feeling of honourable senators, that the establishment of this fund is most appropriate on the occasion of Her Majesty's visit to this country.

The announcement of the intention to constitute this fund has met with the unanimous approval of all parties and has, I feel, been enthusiastically received by Canadians generally. I have, therefore, much pleasure in commending this measure to this honourable body for its favourable consideration today.

Hon. Senators: Hear, hear.

Hon. W. Ross Macdonald: Honourable senators, I am happy to associate myself with the remarks that have been made by the honourable Leader of the Government (Hon. Mr. Aseltine) and to assure him that I will give my wholehearted and enthusiastic support to the passing of this bill today.

The visit of the Queen of Canada to Canada marks a happy occasion for all Canadians. Her Majesty is here for two principal purposes: to officiate, as she did on Friday last, with the President of the United States at the opening of the St. Lawrence Seaway project, and to visit her Canadian subjects from coast to coast.

A royal visit to our country is always an occasion for rejoicing, and if anything were necessary to add to the pleasure of members of this house at the presence in our country of our gracious Queen it is the imaginative proposal which is before us today.

In suggesting that the bill should receive all three readings and be passed in one day, the Leader of the Government has reminded us that the normal procedure in connection with the passing of legislation in this house is not being followed on this occasion. This in itself seems to me to underline what I am sure is the unanimity of honourable senators in the very happy circumstances surrounding this legislation.

The purpose of this legislation, as has already been said, is:

—to assist individuals or organizations to undertake or carry on research into the diseases of children and the causes, prevention and treatment of such diseases.

The direct beneficiaries of the fund will be those children who are unfortunate enough to be the victims of ill health, but the indirect beneficiaries will be all Canadians, for we know full well that much of our strength and vitality as a nation is dependent upon our health. Great new horizons are daily opened in the field of pediatrics by dedicated and devoted doctors and by nurses and those concerned with research. That being so, this gift will serve a useful purpose as well as fulfilling the other desirable object of any

gift, namely, to bring satisfaction to its recipient. This, we can be sure, will be the case in this instance, for it is well known how great an interest Her Majesty has always shown in the welfare and well-being of children.

In this positive step to further the health and happiness of our children we do honour to the Queen, and indeed we are happy to do so, for she represents a force that unites us in a world which is not at all times susceptible to unity.

Our sentiments toward our Queen were perhaps never better expressed than by Mr. St. Laurent when, speaking on The Royal Style and Titles Act, in 1953, he said:

> Her Majesty is now the Queen of Canada but she is the Queen of Canada because she is the Queen of the United Kingdom and because the people of Canada are happy to recognize as their sovereign the person who is the sovereign of the United Kingdom. It is not a separate office. It is the recognition of the traditional development of our institutions that our Parliament is headed by our sovereign; and it is the sovereign who is recognized as the sovereign of the United Kingdom who is our sovereign and who is loyally and, I may say, affectionately, recognized as the sovereign of our country.

And so, because of the high regard and deep affection in which we hold Her Majesty, and because of our desire in her name to take yet another step forward in the ceaseless battle against disease, I endorse this legislation as appropriate and fitting in every way.

Today we usually sing but one verse of *God Save the Queen*. There is another verse which is not often heard. Honourable senators will recall the first few lines:

> Thy choicest gifts in store
> On her be pleased to pour,
> Long may she reign.

This legislation which provides for a gift to Her Majesty from all our people has the wholehearted and enthusiastic approval of all Canadians from coast to coast who, I am sure, join with us today in saying fervently and affectionately, "Long may She Reign".

Hon. Senators: Hear, hear.

(Translation):

Hon. Cyrille Vaillancourt: Honourable senators, it seems fitting that a French voice should echo the words of the Leader of the Government in the Senate (Hon. Mr. Aseltine) and those of the Leader of the Opposition (Hon. Mr. Macdonald). This bill is receiving unanimous approval because of its humanitarian aspect and because it affects all Canadians and all honest people. Who can hear of his own child's or any child's misfortune without being moved to pity? But the bill goes further than expressing such a feeling. You have probably noticed that, in the Christmas message she broadcasts every year, Her Majesty always ends her remarks by speaking of the family, of her husband, of her children and those of the whole Commonwealth. Wherever she goes, she always wants to visit the children, to whom she spontaneously shows affection and who immediately react to her kindness.

Last Friday, at the opening ceremony of the St. Lawrence Seaway, I was in a position to see the enthusiasm of the Scouts and young people who had gathered at St. Lambert grounds to see the Queen as she passed by. In her they see a mother, and is she not indeed the mother of all Canadian citizens, since she is Queen of Canada.

The gesture made by the government of Canada today goes much further than a mere material gift, because it provides for the future. In looking after the future of those who will come after us, of our children, we will ensure that they enjoy physical, moral and intellectual strength. Today's gesture is symbolic, but it is not a mere gesture, because it is to be followed by concrete action. Who knows if some day a child who may be saved owing to the research now being initiated to improve children's health may not become a great statesman? The day is no longer when children who were sick or misshapen were done away with; on the contrary, we now try to improve the lot of all unfortunate children so that those who will take our place may be better and stronger than we were.

The Leader of the Government reminded us earlier that a similar fund was established in one of the western provinces. I might say that in the province of Quebec a fund of a quarter of a million dollars was set up to encourage research into heart diseases and that that fund is of help to the children thus affected. The federal Government, as you see, is following the example of the province of Quebec.

Her Majesty Queen Elizabeth II will, I am sure, be much happier tomorrow when she is presented with this gift than if we had offered her any material token, and she will be assured of the affection of the new generation.

(Text):

Hon. T. A. Crerar: Honourable senators, while we can all join in a very warm welcome to Her Majesty and in appreciation of the august position she occupies in our commonwealth of nations, that, nevertheless, should not preclude us from an examination of this proposed legislation. It is well known that the mind of the Government had been made

up over two weeks ago to mark Her Majesty's visit in this special fashion, and I think it is to be regretted that the Government did not bring this measure before us earlier than June 30, the day on which Her Majesty comes to visit our capital city. I say that because, having hastily read the bill since the house assembled this afternoon, it seems to me that its language is in some respects rather vague and indefinite. It may be that the Leader of the Government (Hon. Mr. Aseltine) can give us some further light upon it. It is proposed to set up this fund and appropriate for it $1 million out of the Consolidated Revenue Fund. I suppose none of us should object to that, although I think it may be said that the Consolidated Revenue Fund at the present moment is—well, not exactly overflowing. The purpose of the fund to be set up by this bill is:

—to assist individuals or organizations to undertake or carry on research into the diseases of children, and the causes, prevention and treatment of such diseases.

Of course, it is a fact that, through hospitals and other agencies, considerable sums of money are already being used for that purpose. That does not mean for a moment that we should not also appropriate this particular fund.

The bill provides that the fund is to be administered by a board of trustees, whose powers and duties are set out. Evidently in the expectation that this will be a continuing thing, the board is empowered to receive contributions from individuals and corporations. Such contributions may be deducted from taxable income. The board may also invest moneys of the fund, and so forth. In short, it is given the powers that one usually finds in a government board of this kind.

Clause 13 appears to me to be a very unusual one. It reads:

The National Research Council—

This is another body altogether, which is engaged in research of many kinds.

—shall provide to the board without charge such secretarial and other administrative and technical services and facilties as are required for the purposes of this act, and moneys of the National Research Council may be used for the purpose and for other costs of administration of the fund.

Parliament annually votes a very substantial amount of money to the National Research Council, and quite properly, to enable it to carry on its work. Then we set up this new body, and require that all its expenses—including, I presume, rent—all its secretarial and administrative and technical services and facilities shall be provided by the National Research Council.

As far as I am concerned, I do not think that is a sound or wise principle to incorporate in this legislation. If the fund is to be merely of a somewhat temporary nature, perhaps it could be administered much better by the National Research Council than by the new board we are setting up under this legislation. If the National Research Council is to provide the board with secretarial and other administrative costs, will it provide the remuneration of the board? What are its members to receive? Is that amount to be fixed by order in council? Who is to pay their travelling expenses? All these items put a charge against the moneys voted by Parliament to the National Research Council, if it is responsible.

Honourable senators, these are questions which, if we had had an opportunity to examine this bill a little more closely, say in committee, we could have had clarified. But the Leader of the Government tells us that he wants first, second and third readings of the bill today, so we are precluded from an examination that we should, in the exercise of our responsibilities as members of Parliament, undertake.

There is also a rather unusual provision in regard to the audit. Clause 14 reads:

The accounts and financial transactions of the board shall be audited annually by the Auditor General and the report of the audit shall be made to the board and to the Prime Minister.

Why make the report of the audit to the Prime Minister? Should not that report be made to Parliament, although I may point out that in section 15 there is a provision that the financial statements of the board and the Auditor General's report thereon shall be made to Parliament. I will read section 15:

15. The chairman of the board shall within three months after the 31st day of March in each year submit to the Prime Minister a report of proceedings under this act for the year ending on that day, including the financial statements of the board and the Auditor General's report thereon, and the Prime Minister shall cause such reports to be laid before Parliament within fifteen days after the receipt thereof, or if Parliament is not then sitting, on any of the first fifteen days next thereafter that Parliament is sitting.

My memory may be at fault, but I cannot recall a similar provision in any other act setting up boards of this kind. I submit that consideration should have been given to having the audited report submitted to Parliament in the same way that the reports of other corporations are, and that the report should be submitted earlier than three months after the 31st of March. Quite obviously, the volume of work that this board will have to do will not be such that the board should be unable to prepare a report and submit it to Parliament within 30 days after the 31st of March. Some of our existing legislation, I believe, has that provision. But this board need not submit its report until three

months after the end of the fiscal year. That is, the board is under no obligation to submit its report until the end of June, and then it shall be laid before Parliament within 15 days, which is the customary provision. But if Parliament prorogued on, say, the 5th of July, we would not get the report until the next session.

I do think it would have been far better if this legislation had been introduced ten days or two weeks ago, when it was first mooted, and we could have had an opportunity to give closer examination to it.

I apologize to the house for speaking at such length. The impressions that I have conveyed to you in these remarks have come from reading the bill since I took my seat here after the sitting opened.

Hon. David A. Croll: Honourable senators, I have just one observation to make. What we are doing under the bill is, of course, admirable, setting aside the million dollars. On the other hand, the Province of Alberta is setting aside almost a million dollars annually for a very fine cause, that of education, and the Province of Ontario is doing something of a similar nature in order to commemorate the visit of Her Majesty, who is a charming, dedicated lady, highly attractive and modest. I was waiting for someone to call attention to the fact that there are heads of municipalities in particular who are still making private and personal gifts to Her Majesty. I thought that when the Prime Minister had announced and had given some indication of what the dominion would do, that would be all for us, and if a province wanted to do something that was within the domain of that province. I am sure Her Majesty does not need, does not want and is embarrassed by the gifts. I think it should be made eminently clear in this house that what Her Majesty wants in the way of a personal gift from the people of Canada is something of ourselves, which I can only describe as good will and understanding.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. Mr. Aseltine: Honourable senators, with leave, I move that the bill be read a third time now.

Motion agreed to and bill read third time and passed.

DOCUMENTS TABLED

Hon. Mr. Aseltine: Honourable senators, I table the following documents:

Statement for the fiscal year ended March 31, 1959, on the operations of the Veterans Insurance Act, pursuant to section 20 of the said act, Chapter 279, R.S. 1952. (English and French texts).

Statement for the fiscal year ended March 31, 1959, on the operation of The Returned Soldiers' Insurance Act, pursuant to section 17 of the said act, Chapter 54 of the Statutes of 1920, as amended. (English and French texts).

Statement of expenditures and financial commitments made under the Veterans' Land Act for the fiscal year ended March 31, 1959, pursuant to section 42 of the said act, Chapter 280, R.S. 1952. (English and French texts).

Report for the fiscal year ended March 31, 1959, of the Army Benevolent Fund Board, pursuant to section 13 of the Army Benevolent Fund Act, Chapter 10, R.S. 1952, together with the report of the Auditor General relating thereto as required by section 11(1) of the said act. (English and French texts).

Statement of the Superintendent of Insurance concerning the Operations of the Civil Service Insurance Act for the fiscal year ended March 31, 1959, pursuant to section 21(2) of the said act, Chapter 49, R.S. 1952. (English text).

Volume III of the report of the Superintendent of Insurance for the year ended December 31, 1957, pursuant to section 9 of the Department of Insurance Act, Chapter 70. R.S. 1952. (English and French texts).

BUSINESS OF THE SENATE

Hon. Mr. Aseltine: Honourable senators, with leave of the Senate, I move that when the Senate adjourns today it stand adjourned until tomorrow, Wednesday, July 1, 1959, at 11 o'clock in the forenoon.

Hon. Mr. Macdonald: Honourable senators, undoubtedly the honourable Leader has proposed that this house sit tomorrow morning on account of the ceremonies which will take place on Parliament Hill in the afternoon. Can he inform the house if it is the intention to sit later in the afternoon and also in the evening? I am sure we would be interested to hear what he has in mind with respect to the sittings tomorrow.

Hon. Mr. Aseltine: I will be quite pleased to inform the house.

I am proposing that we sit tomorrow morning instead of, as usual, in the afternoon on account of the unveiling ceremonies at 2 o'clock or 2.30, the presentation of colours on Parliament Hill at 4 o'clock, and the navy demonstration in the evening. It is not proposed that this house should sit tomorrow beyond the two hours in the forenoon.

I may say that another reason for our meeting tomorrow is that I wish to deal with the resolution standing in my name on the Order Papers for approval of the International Wheat Agreement. We are now almost

into July, and if the agreement is to be approved it should be done before the middle of the month. I would like to get ahead with that resolution.

The Senate has before it several bills which require attention, but I doubt if we shall deal with more than one of them tomorrow.

Motion agreed to.

CITIZENSHIP

INQUIRY AND ANSWER

Hon. Jean-François Pouliot inquired of the Government, pursuant to notice:

1. What is the total population of Canada?
2. By virtue of the Department of Citizenship and Immigration Act, and according to the most recent figures, how many persons in Canada:
(a) are British subjects, Canadian citizens, and citizens of the Commonwealth?
(b) are British subjects but are not Canadian citizens nor citizens of the Commonwealth?
(c) are citizens of the Commonwealth but are not British subjects nor Canadian citizens?
(d) are Canadian citizens but who are not British subjects nor citizens of the Commonwealth?
(e) are neither British subjects nor Canadian citizens nor citizens of the Commonwealth?

Hon. W. M. Aseltine: I have the following answer to the honourable gentleman's inquiry:

1. The most recent estimate for the population of Canada is for March 1, 1959, and is 17,340,000 persons.
2. Latest Census figures available for June 1, 1951 shows a total population of 14,009,429, of whom 13,567,939 were reported as being citizens of Canada. In addition, 104,071 were reported as citizens of other British Commonwealth countries and 337,419 as citizens of all other countries. No more recent data of this kind will be available until the 1961 Decennial Census.

CITIZENSHIP OF MARRIED WOMEN

INQUIRY AND ANSWER

Hon. Mr. Pouliot inquired of the Government, pursuant to notice:

(1) In Canada, how many married women have not been divorced and not separated from their husbands?
(2) How many of those married women living in Canada have a citizenship distinct and different from that of their husbands?
(3) Has the Canadian Government received from married women living in Canada and women's associations in Canada requests for amendment to the laws to permit married women to have a citizenship distinct from that of their husbands?
(4) If so, from what persons and what associations, with the address of each one?

Hon. Mr. Aseltine: The answer to this inquiry is as follows:

1. Statistics are not recorded showing the numbers of married women separated from their husbands.
2. Statistics are not available, as no record is maintained of citizenship distinctions.
3. No. Under the Canadian Citizenship Act, which came into force on January 1, 1947, women have equal status with men and the citizenship laws permit married women to have a citizenship distinct from their husbands.
4. Answered by No. 3.

UNEMPLOYMENT INSURANCE BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

The Senate resumed from Wednesday, June 24, the adjourned debate on the motion of Hon. Mr. Emerson for the second reading of Bill C-43, to amend the Unemployment Insurance Act.

Hon. W. Ross Macdonald: Honourable senators, first may I warn the honourable Leader of the Government (Hon. Mr. Aseltine) that with respect to this measure he cannot expect from me the wholehearted support which I gave to the bill we have just passed for the establishment of a fund to mark the occasion of the visit by Her Majesty the Queen. In fact, I doubt that my support of this measure could be regarded as even lukewarm.

I would like to say to the honourable senator from Saint John-Albert (Hon. Mr. Emerson) that his explanation of this bill last Wednesday was as complete an explanation as I have ever heard in this house. I commend him for his achievement in that respect.

I would also like to commend the honourable senator from Queens-Shelburne (Hon. Mr. Smith) for the excellent speech which he made on that occasion. To honourable senators who did not have the privilege of hearing his speech, I strongly recommend that they read it, for it is an excellent discourse on this subject.

Hon. Mr. Roebuck: Quite right.

Hon. Mr. Macdonald: May I point out that this bill, which is entitled "An Act to amend the Unemployment Insurance Act", has nothing to do with unemployment as such. It does not propose to solve the unemployment problem, nor does it provide work of any kind. It deals with the provisions for payments to those who unfortunately are unemployed, and with contributions to be made to the fund by employees and employers.

The subject of unemployment insurance was under discussion in this country for many years. I need not go back into the history of the subject, except to refer to the fact that a former Prime Minister, the Right Honourable R. B. Bennett, during his term of office brought in a bill in connection with unemployment insurance, but it was declared to be unconstitutional. I am not saying he knew at the time the bill was passed that it was unconstitutional, but it was opposed by many in the other house at that time on account of its being so obviously unconstitutional. It was not until the time of the Right Honourable W. L. Mackenzie King that Parliament passed an unemployment insurance bill which was constitutional. Prior to that time there had been difficulty in getting

the approval of the nine provinces to the passing of a bill with respect to unemployment insurance but, fortunately, Mr. King was able to bring the Prime Ministers of the provinces together, and the bill which is in effect today was passed. Of course, since then there have been amendments to it.

That bill, honourable senators will recall, was passed in the early days of the Second World War. There were many who opposed it, not because they were opposed to unemployment insurance as such, but because they thought it was the wrong time at which to bring in a bill respecting unemployment insurance, for at that time everybody was working, and besides there was some strong objection to the bringing in of a bill of this nature while we were at war. In fact, I think that the then Leader of the Opposition in the Senate, who sat in the seat I now occupy, opposed the bill strenuously on that ground, and I am not sure that some of my friends who now sit on the so-called Government benches in this house did not also oppose that bill. But I will not say more on this point, other than that my honourable friends and their party are now in power and, of course, they are the greatest advocates of unemployment insurance that have ever existed in our country.

The present act provides that payments to the Unemployment Insurance Fund will be made on this basis: 40 per cent by the employee, 40 per cent by the employer, and 20 per cent by the Government.

The fund has been in a strong financial position until the last few years, when it has reached a position which I would say is not one which an insurance company would consider as actuarially sound. There have been heavy drawings on the fund in recent years. I will give some figures with regard to its financial standing—I say "financial standing" because I am referring to the total payments into the fund from the three sources—from the year 1954. That year the fund amounted to $881 million. In the next year, 1955, it was down to $840 million. In 1956 the fund went up to $854 million, and in 1957 to $874 million. In 1958 the fund went down to $744 million, and for this year, 1959, the latest figures which I have available indicate that it is down to $496 million. So, there has been a drop from about $900 million to less than $500 million.

There are many causes for the depletion of the fund. One is increased unemployment during recent years, for of course in times of great unemployment there are heavy drawings on the fund. Then, the fund lost $10 million at the time of the conversion loan. That was a distinct loss of $10 million to the fund. I will not go into the details of that. Honourable senators are familiar with the conversion loan, and can appreciate how the fund could lose $10 million at that time.

The fund has gone down because of the taking of moneys from it for seasonal grants. Honourable senators, I am not going to say "I told you so," but in 1957 when a bill was before this house to provide seasonal benefits to unemployed I spoke on it. Honourable senators will recall that the payment of seasonal benefits is not provided for in the Unemployment Insurance Act. I questioned the right of the Government to take seasonal benefits from the fund, and I warned the result might be that the fund would not remain actuarially sound. I will just read a few of the remarks which I made at that time, as reported in the Senate *Hansard* of 1957-58, at page 286. After approving of the making of seasonal payments, I said:

> However, honourable senators, I must say that I am a little concerned about the method which is being used to provide funds necessary to carry out the purposes of the bill.

I also said:

> My question now is, why should the payments under this bill be a charge on this fund?

I was referring to the moneys in the Unemployment Insurance Fund.

> You may answer that the fund is well established and has a considerable amount of money on hand. But money can disappear very quickly when many calls are made upon it.

I went on:

> I observe that the other house was informed yesterday that the Unemployment Insurance Fund at present amounts to $884,800,516.26—nearly $900 million. That does seem like a lot of money. But a new charge is to be made against it.

I continued, and I objected to payments under that bill being made from the fund.

The act came up for amendment again in 1958, and at that time I opposed, not the payment of the seasonal benefits, but the procedure of paying the money from the Unemployment Insurance Fund. I said:

> Honourable senators, the first proposal I make is that the payments should be made under the Unemployment Assistance Act.

That is another statute altogether.

> If that is not done, then the amount by which this fund is overdrawn on account of this act should be refunded to it from the general consolidated revenue fund.

Then I went on to suggest that the honourable Leader of the Government should make an inquiry of the Unemployment Insurance Commission. I said:

> —and if he finds, as I am sure he will, that this fund is being unduly depleted and is likely, if the practice continues for another year, to become actuarially unsound—

Honourable senators, as I have already remarked, I do not like to say: "I told you so," but I certainly suggested it then.

—let the Government take one of the two courses I have mentioned. I think it is only fair to the workers and to the employers of this country who have contributed, that their unemployment fund should be amply protected.

At that time other honourable senators supported my observations, despite what we said, payments for seasonal benefits continued to be taken from this fund, and now we find it in this condition.

Hon. Mr. Bouffard: How much money was drawn from that account?

Hon. Mr. Macdonald: I have not got the figure, but I expect to get it when the bill is in committee.

Hon. Mr. Connolly (Ottawa West): I think it was $48 million.

Hon. Mr. Macdonald: We had no right to allow that to happen. We were just as wrong in doing that as a life insurance company would be to take money from one fund to provide for losses in another fund—for instance, to take life insurance premiums to pay a fire loss.

This bill increases the liability to some degree. At the present time no contributions are made and no benefits are provided to persons receiving salaries over $4,800. The proposed legislation will extend the ceiling to include persons in specified employments receiving a salary up to $5,460. It is expected this will bring 80,000 more workers under the act. This will bring increased revenue into the fund and this group should pay its way. I do not believe that increasing the ceiling will weaken the fund.

Benefits are to be extended to cover two new classes: those earning $63 and under $69 a week, and those earning $69 and over.

Another provision extends the maximum benefit period from 36 to 52 weeks. It might be thought that this would result in a heavy charge on the fund, but my information is that it will not make a great deal of difference, because comparatively few are unemployed over a full period of 36 weeks.

I think we all will favour a provision which gives more generous treatment to ex-convicts. At the present time an insured person who is imprisoned loses the benefits he had built up prior to his imprisonment, but under the bill an insured person who is imprisoned, if his term of imprisonment is not greater than two years, will receive upon his discharge those benefits he had accruing to him before his imprisonment. Naturally, he does not receive any benefits during the time he is imprisoned.

All these additional provisions are apt to bring a charge of approximately $20 million a year on the fund.

A new provision allows a higher scale of allowable earnings of unemployed with dependents. A man is allowed to earn more money now than previously without its affecting his unemployment insurance. I don't think many of us will take objection to that.

There is one feature of the bill to which I must take exception, and that is the provision which increases contributions by the employer and the employee. My contention is that had the Unemployment Insurance fund been properly administered it would have been in much better shape today and a loan from the Consolidated Revenue Fund would have put it on a sound basis. This bill proposes to increase the contributions of the employer and employee by from 30 to 50 per cent. Employees will get no increased benefit from this. I do not suppose they would object too much to making higher contributions if they were to get increased benefits, but my understanding is that they will get even less.

The schedule of rates of benefit is set out on page 4 of the bill, and on the opposite page is set out the present schedule of rates. The present rates provide that an employee who has made an average weekly contribution of less than 20 cents will get $6 a week if single and $8 a week if married. Under the proposed legislation if he pays up to 25 cents a week he will get only $6 a week if single and $8 a week if married. So even there he loses something.

Hon. Mr. Aseltine: Five cents a week.

Hon. Mr. Macdonald: At the present time the rate starts at less than 20 cents a week and under the proposed legislation it will start at less than 25 cents a week.

Hon. Mr. Aseltine: That is petty.

Hon. Mr. Macdonald: At the present time an insured person who contributes between 45 cents and 50 cents has a weekly rate of benefit of $17 if single and $24 if married. The proposed legislation provides that an insured person who contributes between 42 cents and 50 cents a week will receive a weekly rate of benefit of $13 if single and $18 if married. So there is a distinct loss in return there. Take the next line. Under the proposed legislation an insured person who pays in from 50 to 57 cents a week will receive $15 if single and $21 if married. Under the old act if he paid in from 45 to 50 cents he received $19 if he was single and $26 if he was married, which is a loss for the single man of $4 a week, and for the married man $5 a week.

Therefore, honourable senators, I am not sure that this bill is fair to those who are making the payments. What does the bill

propose to do? It proposes to increase the payments in and to decrease the payments out. No wonder the bill is not acceptable to many people in Canada. I did not follow all the evidence that was given before the committee in the other house, but the impression I received from the evidence I did read was that neither the employers nor the employees like the bill, because they feel it is not fair. I can quite understand why they do not.

Honourable senators, to vote for second reading of the bill is to approve of it in principle. In some respects I approve of what is in the bill, but until I get further information in other respects I heartily disapprove of the bill. Therefore, I am going to vote for second reading on the understanding that I am not accepting generally the principle of this bill, but that I will reserve my final opinion until I hear what is said in committee.

Hon. David A. Croll: Honourable senators, this bill to amend the Unemployment Insurance Act is not all bad. The act itself is nearly twenty years old. I think it is time we ceased patching it and that we produced a new and broader bill based on the sound principle embodied in the Unemployment Insurance Act.

The bill as I read it sets out to do five things. Three, of minor importance, it does acceptably, and two, of major importance, it does badly. I think it is good that the measure raises from $4,800 to $5,460 the income level of contributors. It increases the duration of benefits from 36 to 52 weeks, and permits larger casual earnings. It also extends the benefits of the act to short-term inmates of jails and penitentiaries. Those three minor amendments I support wholeheartedly.

It is regrettable that the bill imposes a greater burden on employers and employees, but, strangely enough, not on the Government, which in the past has contributed 20 per cent and will continue to contribute the same percentage. It does not measurably increase benefits, which was one of the great shortcomings of the old act, and in that respect what it does is negligible.

In this house while we are talking about unemployment insurance we have to dig a little deeper than the other place does in order to have some greater understanding as to what is behind this act. Why was the fund established and what was its purpose? I merely record history and the truth when I say that it was established by a Liberal Government to deal with the incidence of unemployment, which is an industrial disease. I think we should have an understanding as to what we mean by unemployment. Unemployment means people who suffer hardship and heartache, people who are willing and able to work but cannot find suitable jobs. It is the young college graduate too old at 30 for a job with a future. It is the head shipping clerk stranded when his plant is moved. It is the electrical worker fearful that automation has permanently wiped out his chance of reemployment.

During the recession which was recently with us it was true to say that puzzlement was more apparent than anger on the part of those who tramped the streets month after month with nothing to show for their efforts but holes in their shoes and mounting debts. It is also fair to say that there was less misery than we knew in the '30s. What is most rasping on today's jobless is the sense of uselessness that comes of being unwanted and unneeded in one of the world's richest and most productive nations. It has a corrosive effect on the young men of 20 to 35 years, who are facing their first real hard times, deprived in this instance of the community of suffering that helped preserve the fabric of self-respect in the depression years when everyone was in trouble.

What we have gone through recently is a young men's recession, especially in factories operating under the rigid seniority system. Those of us who heard some of the briefs presented recently before the Finance Committee, particularly those presented by agricultural communities, will realize that what is true in industry is true in agriculture. Science is moving with breathtaking speed and making the day of recall for the industrial worker more and more distant. The electronic brain with its mechanical muscles has made it possible to produce more goods with fewer workers. Thus, men with ten to fifteen years' seniority remain surplus while their companies climb past the productive peaks they set in pre-automation days.

It is known to most of us that employers hesitate to hire men in fear that their desire to safeguard their pension equities and priority status in their old jobs will cause them to quit when the recall signal is sounded. For men and women of advanced age the calendar is the ennemy.

Confronted with the necessity of going on relief, most workers will grab jobs at half or less than half the standard pay they used to enjoy. There are plenty of employers ready to capitalize on this preference of staying independent of government handout. Only

under stringent union policing is there no move to pull down the pay scales or to trim fringe benefits.

I believe, as I have already indicated, that labour's problem should be better understood on the farms of this country, where a technological explosion is taking place. There is no denying that there is a technological revolution in agriculture. Mechanization is continuing—the development of new plant varieties and better cultural practices has pushed ahead, and improved types of fertilizers and insecticides are being developed. Sensational developments are being made in animal breeding and husbandry. Science and automation are affecting our farmers and transforming our agricultural aspect, as, indeed, they are affecting our industrial outlook.

Briefly, unemployment is a man without a job. But that does not tell the whole story. We should understand that there is a variety of unemployment, and I am going to take a few minutes to place it before you so that there may be a better understanding of the different kinds of unemployment.

The first is technological unemployment, which is defined as "imperfections of adjustment between labour supply and labour demand". I think I should give you Lord Beveridge's description of technological unemployment:

> While industry as a whole grows—specific trades may decay or change in methods or organization. The men who have learned to live by those trades may find their peculiar and hard-won skill a drug on the market and themselves permanently displaced from their chosen occupation while lacking both the youth and the knowledge to make their way into new occupations.

I need mention only one industry to indicate the rapid changes in industrial techniques—the electronic industry. The rapid change in aircraft design and aircraft propulsion, the growth of the plastic industry, and of the chemical industry and the petrochemical industry, are just a few other examples.

An industrial worker who has served his time and become a skilled workman cannot feel certain of his recognized status and position. Tomorrow, or maybe the day after tomorrow, he can find himself without skilled value in the modern technological industry. This kind of employment creates problems for which unemployment insurance is not the answer. This kind of unemployment can only be solved by an overall Government policy.

The second type of unemployment is seasonal. This is an unemployment created by geographical or climatic conditions or by industrial habits and practices leading to the widely fluctuating labour demand in particular industries and in particular areas.

This kind of unemployment has plagued this country. We have somehow convinced ourselves, wrongly, I believe, into accepting seasonable unemployment as a necessary labour condition in Canada. Nor do I believe that it is really necessary to have the wide swings of demand for labour in the automobile industry or in the clothing industry, who both believe that they must sell at certain periods in the year. Because these industries fall into those habits which suit them best, the industrial workers in these industries and some others are paying indirectly a substantial portion of the cost of organizing industrial production in these industries. This sort of unemployment creates problems to which unemployment insurance is not the answer.

The third kind of unemployment is called "reserves of labour":

> That is, the requirement of each trade of reserves of labour to meet the fluctuations of work incidental even in years of prosperity. The men forming these reserves are constantly passing in and out of employment.

By this I do not mean that workers are not able to hold jobs for long periods, but rather that at any given moment there are industrial processes that are tapering off, releasing workers, and there are industrial processes that are growing up and taking on workers.

In between these two activities there is a pool of persons who, at a given time, are without jobs. These, more suitably, fit the Unemployment Insurance Act.

There are other causes of unemployment. There are workers who lose their jobs because of fluctuations in international trade. Because we rely so much on export trade we are particularly vulnerable on this score.

Let me give you an example. In order to sell our agricultural and other primary products it is necessary to open markets to Japan's swelling population and industrial production. That kind of unemployment was not envisaged when the act was passed. Government policies can best cure this situation.

Another type of unemployment is caused by sickness of individual workers, but this too was not in mind when the act was passed.

I submit very seriously to this house that the fund was not established to deal with technological unemployment, seasonal unemployment, unemployment due to trade fluctuations, unemployment due to sickness, nor was it meant to be a pre-natal family allowance payment.

The function of unemployment insurance is to provide a bridge across the financial consequences to the worker and his family of the

kind of unemployment which I earlier described as reserves of labour. These reserves of labour are actively employed workers moving from job to job for a variety of reasons—either because of a decline in one industry or a rise in another industry, or because there is advancement in another job, or because of personal reasons, a change is desired by the worker.

The first purpose of our unemployment policy should be to get the employee back to work. I emphasize, the only cure for unemployment is employment.

This fund was never intended for the worker who is displaced by machine or for those industries whose manpower requirements have been permanently reduced. It was intended and related to the cycle of business activity. It assumed that a worker laid off when business was bad would be rehired when business picked up.

Unemployment insurance is a social insurance. That is its purpose—one which is achieved by providing financial benefits to certain individuals who are temporarily out of work. It gives no vested interest—it pools the risk.

The Unemployment Insurance Fund was always open to serious depletion in a period of prolonged unemployment. In 1958 the fund was $130 million in the red. But by that time the fund was being used for purposes which cannot by any stretch of the imagination be described as legitimate. This was a trust fund, entrusted to the Government of the day by workers and employers, yet the Government dipped into the fund for a purpose unrelated to its origin. If a private corporation or an individual did what the Government did, we would call it fraud. I recognize, and this house should recognize, that there is no inherent right of Government to dip into trust funds.

In times of serious unemployment, it is not the function of the Unemployment Insurance Fund to solve the problems of unemployment, which require the resources of the nation.

Unfortunately, we have no adequate system of public assistance in many parts of Canada to take care of need which arises from causes other than the dislocation of the labour market for which unemployment insurance was established. Nor do we have a system of sickness benefit which would provide some kind of economic assistance to those who are unable to earn wages because they are so sick they are unable to work. Thus we take the easy way out, turn to the fund, and use it for a benefit for which it was never intended.

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I appeal to this house: Does it make sense to say, as the Government did in 1958, that seasonal benefits should continue for seven months? What a long season! How ludicrous can we get? We can come to only one conclusion, that the Government is using the fund in an attempt to cover up deficiencies in its social welfare program.

The bill speaks of increasing contributions of workers and employers by 30 per cent. It does not provide for a similar increase by the Government. Actually the increase is not 30 per cent, but it ranges from 25 per cent to 56 per cent.

When we turn back our memory we recall that the fund in its heyday reached nearly $1 billion. It is now about $400 million, but at book value it is only $350 million. What a come-down! Because the Government is making the fund pay what should be paid out of the consolidated revenue, the depletion goes on at an alarming rate.

This bill imposes an unfair tax on two segments of the community, the workers and employers. It is a hidden tax, sneaked in through the back door. It imposes an overall burden of $80 million annually. It proposes to pay out new benefits estimated at not more than $24 million. Thus $56 million of the workers' and employers' money is being used to shore up and replenish the fund.

It is true that the Liberals used the fund for seasonal benefits, but they restored the money used for such limited benefits from the consolidated revenues. I repeat: this is a trust fund that does not belong to the Government. It belongs to the employer and the employee, and should be untouchable. It has been the buffer of social security measures which in the last couple of years have kept the country on an even keel. Unemployment insurance is one such measure. This act has been on the statute books of this country, as I have already stated, for almost twenty years. In that time the world has changed, industrially, agriculturally and in every way, and it is time we made changes in the act to meet modern industrial conditions, so that it should remain an insurance act, not a political pot.

Hon. T. A. Crerar: Honourable senators—

Hon. Mr. Aseltine: I wonder if the honourable senator from Churchill (Hon. Mr. Crerar) would be good enough to move adjournment of the debate at this time, on account of the fact that most of us have to be at the airport at around 6 o'clock for the arrival of Her Majesty and Prince Philip. I would appreciate very much if the honourable senator would agree to postpone his remarks on this bill until tomorrow.

Hon. Mr. Crerar: Honourable senators, there is no one in the world I would more gladly accommodate than my honourable friend the Leader of the Government (Hon. Mr. Aseltine). My remarks were not going to be very extensive, but I have great pleasure in accepting his suggestion, and now move the adjournment of the debate.

On motion of Hon. Mr. Crerar, debate adjourned.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Wednesday, July 1, 1959

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following documents:

Report of the expenditures and administration in connection with the Unemployment Assistance Act for the fiscal year ended March 31, 1959, pursuant to section 9 of the said Act, being Chapter 26 of the Statutes of 1956. (French text).

The *Canada Gazette*, Part II, Statutory Orders and Regulations, 1959, Wednesday, June 24, 1959, pursuant to section 7 of the Regulations Act, Chapter 235, R.S. 1952. (English and French texts).

INTERNATIONAL WHEAT AGREEMENT

PROPOSED RESOLUTION OF APPROVAL REFERRED TO COMMITTEE

Hon. W. M. Aseltine moved, pursuant to notice:

Resolved: That it is expedient that the Houses of Parliament do approve the International Wheat Agreement opened for signature at Washington, D.C., on April 6, 1959, and that this house do approve the same.

He said: Honourable senators will recall that this new International Wheat Agreement was tabled in the Senate on June 23, at which time I moved that it be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings* of that day. That was done, and honourable senators will have had plenty of time to read the agreement and become familiar with it.

This is the fourth International Wheat Agreement. The first such agreement was made in 1949, and came to an end on July 31, 1953. The second was made in 1953 for a three-year period, and came to an end on July 31, 1956. In 1956 a new agreement was entered into for a period of three years, and it will expire on July 31 this year. The agreement now before us is for three years and will expire on July 31, 1962.

I would like to give honourable senators a brief summary of what each of these agreements contained. Under the 1949 agreement the maximum price for wheat was fixed at $1.80 per bushel, with a minimum price of $1.50 per bushel, and Canada was guaranteed 203 million bushels. Honourable senators will perhaps remember that the price remained at or near the maximum during the life of that agreement, and Canada supplied approximately the entire quantity stipulated.

Under the 1953 agreement the price range was: maximum $2.05 per bushel; minimum $1.55 per bushel. Canada's share under that agreement was 150 million bushels annually. Honourable senators will also remember that the United Kingdom did not sign that agreement because of some difficulty over the maximum price, or for some other reason of which I am not aware. As a result of the United Kingdom's not being a party to the agreement, the volume actually delivered by Canada thereunder was about one-half the specified quantity.

Under the 1956 agreement the price range was: maximum, $2.00 per bushel; minimum, $1.50 per bushel; and Canada's share was 100 million bushels. It was regrettable that the United Kingdom still remained outside this 1956 agreement, but the Argentine was a party for the first time.

Under the agreement which I am producing for ratification today, which will likely be known as the 1959 International Wheat Agreement, the price range is: maximum, $1.90 per bushel; minimum, $1.50 per bushel, in Canadian currency at parity of the Canadian dollar as of March 1, 1949, for No. 1 Manitoba Northern wheat, basis in store Fort William-Port Arthur. For further information with regard to the price range and other details I refer honourable senators to article 6 of the agreement. This article is quite long and complicated and I do not intend to deal with it. It has to do with the price of Argentine, Australian, French, Mexican, Swedish wheat, and so on.

Hon. Mr. Pearson: How many bushels are to be delivered under the 1959 agreement?

Hon. Mr. Aseltine: If my honourable colleague will be patient for a moment I will cover all the details.

Hon. Mr. Hayden: Is the honourable Leader of the Government (Hon. Mr. Aseltine) being heckled by a member on his own side of the house?

Hon. Mr. Aseltine: The Canadian Ambassador signed the agreement on April 22 this year, subject to its ratification by Parliament. As of May 31 the Governments of 26 importing countries and all nine exporting countries had signed the agreement.

Honourable senators will be pleased to know that this time the United Kingdom is a signatory to the agreement. Four smaller importing countries have not yet signed, as well as several current members of the International Wheat Association who did not take part in the conference. The final date for signing by all the importing countries is fixed at December 1, 1959.

I also wish to inform honourable senators that the exporting countries now include Italy, Mexico and Spain, the others being the Argentine, Australia, Canada, France, Sweden and the United States. It is important to know that the instruments of acceptance, following ratification, must be deposited before July 16, so that the new agreement enters fully into force at that time. The present crop year will end on July 31, as will the old agreement.

The principal producer organizations of western Canada have given full support to this agreement. Their leaders, who are members of the advisory committee of the Canadian Wheat Board, formed part of the delegation to the United Nations Wheat Conference and lent valuable assistance and support to the contribution made by the Canadian delegation to that conference.

The objectives of this agreement are set out in article 1, which I propose to read for the information of honourable senators.

The objectives of this agreement are:

(a) to assure supplies of wheat and wheat flour to importing countries and markets for wheat and wheat-flour to exporting countries at equitable and stable prices;

(b) to promote the expansion of the international trade in wheat and wheat-flour and to secure the freest possible flow of this trade in the interests of both exporting and importing countries;

(c) to overcome the serious handicap caused to producers and consumers by burdensome surpluses and critical shortages of wheat;

(d) to encourage the use and consumption of wheat and wheat-flour generally, and in particular, so as to improve health and nutrition in countries where the possibility of increased consumption exists; and

(e) in general to further international co-operation in connection with world wheat problems, recognizing the relationship of the trade in wheat to the economic stability of markets for other agricultural products.

Honourable senators will no doubt agree with me that this agreement would be well worth while if a majority of those objects are achieved.

The present International Wheat Agreement, which will expire on July 31 this year, commits wheat-importing nations to buy specific quantities at the minimum price per bushel for No. 1 Northern wheat basis Fort William-Port Arthur. Canada's quota under that agreement is 103 million bushels.

Hon. Mr. Crerar: Does that appear in the agreement?

Hon. Mr. Aseltine: This agreement changes that entirely. That is the quota under the existing agreement, which expires on July 31, 1959.

This new International Wheat Agreement, if it is approved by Parliament, will make certain changes in the old way of doing things. Quotas are abolished. Under this agreement importing countries do not agree to buy specific quantities, but agree to purchase a certain percentage of their commercial requirements each year from the exporting countries. Honourable senators will find information on this subject in the annex to the agreement. For example, the United Kingdom agrees to purchase 80 per cent of its requirements from the exporting countries, Germany 70 per cent, the Netherlands 75 per cent, and so on. In the case of the United Kingdom it is likely that Canada, on account of the fact that we grow what we think is the best wheat in the world, will continue to sell to the United Kingdom about 100 millions bushels, as it buys most of its requirements from Canada.

Another difference in this agreement has to do with the powers of the International Wheat Council. The council will make an annual review of national production and marketing measures affecting trade in wheat and sales by member countries, not only commercial sales, but also special transactions. In that connection I refer honourable senators to article 3 of the agreement, which defines commercial purchases and special transactions.

Commercial purchases are the percentages of the purchases which the importing countries agree to make of their total requirements of commercial wheat. But in addition to that there are special transactions, which include the following:

(a) sales on long-term credit resulting from Government intervention;

(b) sales under tied Government loans;

(c) sales for inconvertible currency;

(d) barter transactions;

(e) bilateral trading agreements;

(f) gifts or grants.

In other words, honourable senators, exporting countries will give the council detailed information about its surplus disposal and concessional sales. It is considered that this will be most valuable, because it should have the effect of limiting interference by any such country in Canadian wheat sales, and should have a steadying effect on wheat disposal operations. It is a system similar to what is called confrontation as used by GATT.

In other words, instead of expressing rights and obligations in terms of guaranteed quantities applicable only at the maximum or the minimum price, in the new agreement individual importing countries are under a continuing obligation to purchase, when prices are within the price range but below the maximum, not a guaranteed quantity, but a specified minimum percentage of their total commercial imports. When prices reach

the maximum, the exporting countries undertake, if requested, to supply importing countries, at prices no higher than the maximum, with quantities of wheat equal to the average of their total commercial purchases from them over a representative base period.

Another difference is that formerly the International Wheat Agreement took into account only commercial transactions. Under the new agreement provision is made for bringing the total trade in wheat, these commercial and special transactions, within the agreement. And both exporting and importing countries must give to the council full information about all transactions of every kind. In that way the council will know exactly what is going on in the whole world in connection with the sale and importation of wheat and flour.

While the text of the new agreement indicates a departure from the preceding agreements, it is designed to accord with the actual framework of international trade in wheat between exporting and importing member countries. For this and other reasons, the new agreement should cover a high proportion of world trade and elicit a wider participation. It is also expected, honourable senators, that by virtue of the broader functions and responsibilities conferred on it, the council will be able to exercise more effectively its moderating influence on international adverse effects of national policies, and provide an active forum for intergovernmental consultations on wheat problems.

That, honourable senators, is a brief explanation of the agreement.

Hon. Mr. Euler: The agreement provides that the council must be given a record of all transactions by the participating countries. Does that provision include gifts of wheat?

Hon. Mr. Aseltine: Yes. That includes not only the commercial sales that the participating countries make under this agreement, but all transactions which are described as special transactions, including gifts, grants or sales made under bilateral trading agreements and barter transactions—everything like that. Not only the exporting countries are obliged to give that information, but all the importing countries also are obliged to give information about the purchases they make, where they obtain the wheat or flour from and the terms of the contract.

Hon. Mr. Lambert: May I ask the honourable leader (Hon. Mr. Aseltine) a question? Article 21, paragraph 4 reads:

> Nothing in this article shall prejudice the complete liberty of action of any exporting or importing country in the determination and administration of its internal agricultural and price policies.

Might that be called an escape clause for any of the signatories to the agreement?

Hon. Mr. Aseltine: Not in so far as commercial sales are concerned. The importing countries agree that not less than the percentages shown in the annex to the agreement of their total commercial purchases of wheat shall be purchased from the exporting countries, but the agreement does not give any specific control over exporting countries in connection with what I have mentioned as special sales, and my opinion is that clause 4 of article 21 has reference to these only.

Hon. Mr. Lambert: May I ask if there is any provision at all in connection with this agreement for any signatory country, either importing or exporting—it would likely be an importing country—to withdraw from this agreement at any time on giving notice?

Hon. Mr. Aseltine: No.

Hon. Mr. Macdonald: May I ask just one question? Supposing one of the countries mentioned in the annex does not enter into the agreement, is the agreement binding upon the other countries which do sign the agreement?

Hon. Mr. Aseltine: If the importing country fails to live up to the agreement there are certain provisions—

Hon. Mr. Macdonald: That is not my question. My question is, supposing one of the countries mentioned in the annex does not enter into the agreement, is the agreement binding on the other countries or does the agreement automatically not take effect?

Hon. Mr. Aseltine: These 30 nations have all signed.

Hon. Mr. Connolly (Ottawa West): But have all the countries ratified the signatures?

Hon. Mr. Aseltine: I am not absolutely certain on that point. Perhaps that has something to do with the question asked by the Leader of the Opposition (Hon. Mr. Macdonald).

Hon. Mr. Macdonald: That is the question I was aiming at, yes. If a country which has signed the agreement fails to ratify it, is the whole agreement null and void or does it remain binding upon the countries which have ratified the agreement?

Hon. Mr. Aseltine: My understanding is that the agreement is still binding on the countries which have signed and ratified it. The same question would arise in connection with other agreements. If some countries whose officials had signed the agreement failed to ratify it, that would not mean that the whole agreement was null and void.

Hon. Mr. Macdonald: I cannot agree with the statement of the honourable leader. If five or six persons propose to enter into an agreement, and finally one of them does not enter into it, then unless there is a clause to the contrary the agreement is not binding on those who do enter into it.

Hon. T. A. Crerar: Honourable senators, it is, of course, to be expected by my colleagues in the house that I should have something to say about this agreement.

Hon. Mr. Brunt: We would be disappointed if you did not.

Hon. Mr. Crerar: A number of years ago our American friends in Washington, who have some aptitude for coining new phrases and words, came up with the word "gobbledegook" to describe the jargon that sometimes appeared in communications between governmental departments. I am bound to say that if that word signifies ambiguity it could appropriately be used to describe this agreement.

The honourable Leader of the Government (Hon. Mr. Aseltine) in his explanation of this agreement gave us a fairly full review. It is quite evident that this agreement differs substantially from previous agreements, and I shall a little later endeavour to point out some of the discrepancies.

It is true that we got into these wheat agreements some thirteen years ago, when the Government of the day made what was known as the British Wheat Agreement. That was to continue for four years from the beginning of the crop year in 1946. In 1949 the first International Wheat Agreement was consummated, as described by the Leader of the Government.

We appeared after the war to develop an urge to make agreements. It is quite true that the leaders of the farmers in western Canada asked for these wheat agreements and urged that they be entered into. I do not for a moment wish to criticize their motives in doing so: unquestionably, they were of the opinion that agreements of this kind would lead to a stabilization of price and more security for the wheat producers on the prairies. But they did not work out that way.

I have said before in this house that at the conclusion of the war the agricultural production of Europe was almost completely destroyed, leaving an enormous void to be filled. We entered into the British Wheat Agreement at a time when we should have known that it was quite unnecessary to do anything to hold wheat prices up for four years. Rather, the reverse was the case. What as a matter of fact we did at that time—and, I repeat, it was done at the request of the leaders of the prairie farmers—was to enter into, first, the British Wheat Agreement, and then the International Wheat Agreement which, without any question of doubt, cost the wheat growers of western Canada hundreds of millions of dollars. There is no gainsaying that fact; it can be proven without any difficulty. The unfairness of it was, of course, that the wheat farmers of western Canada subsidized the British bread consumers for four years. Not only did they subsidize the British bread consumers, but they also subsidized the Canadian bread consumers, because the Canadian flour mills bought their wheat at the price fixed and determined under the British Wheat Agreement, and later the International Wheat Agreement.

Hon. Mr. Vaillancourt: Do we not pay higher prices for wheat than the world market prices?

Hon. Mr. Brunt: No.

Hon. Mr. Vaillancourt: I understood we did.

Hon. Mr. Crerar: No. Domestic prices were based on the agreement. The point I am making is that during the period of the British Wheat Agreement world prices outside the agreement were very much higher than the prices which obtained under that agreement. If it is of interest to the house, I would point out at one time wheat sold as high as $3.40 a bushel to countries outside the British Wheat Agreement, and for the first two years of operation of the International Wheat Agreement. That was due to the immense void that had been created by the war, not only in Europe but elsewhere as well. I re-emphasize that point, because I think it is most pertinent to a discussion of this whole matter.

I do not wish to take up the time of the house unnecessarily but, as I said a moment ago, this agreement differs in many essentials from the previous wheat agreements.

Over the past two or three years there has been a good deal of criticism in Canada as to the wheat disposal methods of the United States Government. Under support legislation, running back almost to the end of the war, the United States has built up a huge surplus of wheat. It is estimated that that country has enough wheat to do it for two years, even if it did not produce another bushel of wheat in that time.

Under those support prices, on not only wheat but many other agricultural commodities as well, the United States has invested today about $9 billion in carrying surplus agricultural products. It is costing them, according to reports from Washington, about a billion dollars a year to carry these surpluses, in interest on the money invested, insurance, storage charges, and so on.

Because of that tremendous burden of surpulses, of which wheat is probably the most important, the United States naturally is trying to get its surpluses down, and in the efforts it made to that end over the last two years it came into conflict with what we in Canada thought were our traditional markets.

When the United States gave wheat away and accepted foreign currencies, and gave it away on tied Government loans, as it did in certain South American countries, it violated the spirit of the International Wheat Agreement. What happens under this new agreement? That limitation is removed. The United States today, under this agreement, may, without any question of violation of the agreement at all, in spirit or letter, sell on long-term credit to any country. It may sell under tied Government loans. That is, it may say to a country: "We will give you loans for industrial development, or for some other reason, if you will take a certain amount of wheat from us." It may make sales for inconvertible currencies—it may make sales for rupees, for instance, to India, or for some other currency elsewhere. It may engage in barter transactions. It may make bilateral trading agreements. Finally, it may dispose of wheat by gifts or grants.

That is the policy to which we in Canada have, for the last two or three years, been taking exception because we felt—rightly, I think—that this was interfering with our legitimate markets for wheat. But under this agreement these practices now receive the blessing of all the countries engaged in the wheat trade. We in Canada may want to do something of the same kind. I believe we have done it in a modest way. I am speaking only from memory, but I think we made sales of wheat a year or so ago to Poland on deferred payments. At any rate, the principle is that any exporting country which is a signatory to this agreement may dispose of its wheat in any of the ways I have just enumerated. I make the prediction now—and I trust I may be wrong—that this is going to bear heavily on our ability in the next three years to sell our wheat abroad.

Hon. Mr. Macdonald: Is that a new provision? Could these countries not do that under the former agreement?

Hon. Mr. Crerar: No, there was no provision in the former agreement for doing that. Any country which did so was technically violating the spirit of the agreement, and that was the criticism that was made by Canada of the United States.

Hon. Mr. Brunt: Do you not think that the United States would do it whether or not this clause was in this particular agreement? I think they would.

Hon. Mr. Crerar: They might do so. That emphasizes the description of the agreement that I gave a little earlier in my remarks.

Hon. Mr. Aseltine: The difference is that sales of that kind, which are called special transactions, must be reported to the council not only by the exporting countries but by the importing countries as well. In that way something which had been done all along would be given more prominence, and it was thought that the exporting countries which were doing that kind of thing would be a little more careful about how they were carrying on their business.

Hon. Mr. Crerar: I do not know just how you would describe that sort of pressure that might be brought to bear on them.

Hon. Mr. Connolly (Ottawa West): It is a pious hope.

Hon. Mr. Crerar: Yes, nothing more than a pious hope. It is true that the United States, or Canada for that matter, or any other exporting country that engages in special transactions, must send a report to the wheat council, but all that does is to tell the wheat council what everyone in the world knows, anyway.

Hon. Mr. Brunt: It brings it to the light of day.

Hon. Mr. Crerar: That is a little bit more of the gobbledegook.

In another respect the agreement differs from the old agreement. Under the old agreement each exporting country was given a definite quota for export. Canada and the other exporting countries each had a quota. There were six of them in the last agreement. Today that provision is absent from the agreement. The importing countries were obliged also, under the agreement, to take a certain quota of imports from the exporting countries. That obligation is replaced, as the Leader of the Government stated, by the provision that the importing countries agree to take from the exporting countries certain percentages of their requirements.

For instance, I notice from the annex to the agreement that Austria, which is an importing country and a signatory to the agreement, agrees to take at least 45 per cent of its required imports of wheat from one or other of the exporting countries. The only signatory to the agreement, curiously, that agrees to take all its wheat from the exporting countries which are signatories to the agreement is Vatican City. Vatican City in Italy agrees to take 100 per cent of its imports of wheat from the exporting countries which have signed this agreement, or which it is hoped will sign it.

It is interesting to look over this. For instance, the Federation of Rhodesia and Nyasaland agrees to take 90 per cent of its imports of wheat from the exporting countries. But how much wheat do we expect to sell to the Federation of Rhodesia and Nyasaland? Ceylon is another importing country, and it agrees to take 80 per cent of its requirements from the exporting countries, of which Canada is one. If you look down the list you will see there is not a great deal of comfort in it for us. The United Kingdom agrees to take 80 per cent of its import requirements from these exporting countries.

Hon. Mr. Davies: May I interrupt to ask a question? When importing countries agree to accept wheat from Canada—and I see the price varies between $1.50 and $1.90 a bushel —do they undertake to accept the wheat at a specific price now?

Hon. Mr. Crerar: No. As I understand it, this is a matter of negotiation. As the honourable Leader of the Government has stated, what has been done is to fix a maximum price of $1.90 and a minimum price of $1.50. Prices may fluctuate within this range, but the importing countries agree to buy, if necessary, at the minimum price, and the exporting countries agree to sell, if necessary, at the maximum price.

As the honourable Leader of the Government stated, under the previous agreements Canada was allotted a certain quota. For instance, under the last agreement we were guaranteed sales of 102,800,000 bushels a year. Such a provision is not contained in the present agreement. All we have in its place is the guarantee that importing countries will take a certain percentage of their imports from exporting countries, but they do not need to take them from Canada. They can take them from any other signatories anywhere they wish or can get them. So in that respect it does seem that our advantages under the agreement are weakened.

Hon. Mr. Brunt: Would the honourable senator give us the date of commencement of the last agreement and its duration?

Hon. Mr. Macdonald: It was made in 1956.

Hon. Mr. Crerar: The last agreement was made in 1956, effective August 1 that year, and it terminates on July 31 this year. Is that the information my honourable friend wanted?

Hon. Mr. Brunt: Yes, thank you. I did not think it ran that long.

Hon. Mr. Crerar: There is no question that there is a real problem with regard to wheat. We have been accumulating surpluses in Canada. The surplus will be somewhat reduced this year, mainly because our crop on the prairies fell a good deal short of expectations last year. We do not know what this year's crop will produce. There were good rains in Saskatchewan recently and we might get a yield of 400 million bushels of wheat, but we do not know. If we do, it is almost certain that our surplus will not be lessened and may well be increased. I think that fact is becoming pretty well recognized.

Hon. Mr. Lambert: May I ask my honourable friend if he could inform us what the carryover from the old crop year to the new crop year is in Canada? I know it is much less than in previous years.

Hon. Mr. Aseltine: 500 million bushels.

Hon. Mr. Crerar: By the end of this month it may be reduced by 100 million bushels from the previous crop year.

Hon. Mr. Davies: May I ask my honourable friend another question? I do not like to interrupt him, but can he say whether any other exporting country is able to undersell Canada? Under the agreement there is a price range from $1.50 to $1.90 a bushel. Can any other exporting country sell for less than $1.50?

Hon. Mr. Crerar: A country which is a signatory to this agreement would be violating the agreement if it sold for less than $1.50.

Hon. Mr. Brunt: Could the country not make a special transaction?

Hon. Mr. Crerar: Of course, but I am replying now to the question raised by the honourable senator from Kingston (Hon. Mr. Davies). The special transactions clause opens the door to a very wide vista indeed. While we may attempt to forecast what may happen, we shall have to await events to see how the agreement operates. I hope I am wrong, but I am afraid we may well find it much more difficult to sell wheat in the crop year that begins on August 1 than we have in the last few years. I say quite frankly that this is mainly because of the clearly stated purpose of the United States to try to reduce its burdensome surplus. Under this agreement it can do so without violating any arrangement with its competitors.

Honourable senators, I really have no faith in this type of agreement. We set up a wheat council composed of one representative from each of the exporting and importing countries, and nine exporting countries and 30 importing countries are signatories to the new agreement. If they all ratify the agreement it will mean that 39 countries will be

involved. Each country has a representative on the council, and the respective Governments have to pay the expenses of these representatives to attend council meetings. An executive committee is appointed too. Expenses other than those of delegates attending meetings are paid by the respective Governments on the basis of the votes they have in council proceedings. I have forgotten the proportion of votes Canada has, but Canada, the United States and Great Britain will probably pay substantially more than half the costs of the management of this whole operation.

We have a serious situation with regard to wheat, and one cannot but feel a little bit cynical at the objectives set out in this high-sounding document. One of the objectives is:

—to overcome the serious hardship caused to producers and consumers by burdensome surpluses and critical shortages of wheat.

Now, there has not been a critical shortage of wheat in the world for 40 years—

Hon. Mr. Aseltine: That refers to the individual countries.

Hon. Mr. Crerar: —except in countries like China which, though often suffering famine, have been unable to buy.

Hon. Mr. Aseltine: Pakistan, India, China and other countries have had a critical shortage of wheat.

Hon. Mr. Crerar: Oh, I know; but when we speak of a critical shortage of wheat we mean an absence of supply to meet a shortage. The fact of the matter is that the supply of wheat has been increasing. I cannot see what a wheat council sitting in London can do to dispose of our surpluses. I cannot for the life of me see how it can make any worth-while contribution to that purpose. We have got ourselves enmeshed in a lot of rigidities in the marketing of our wheat, and underneath that is the desire to hold prices up to a certain level. In my own judgment, honourable senators, for what it is worth, in the end that concept is bound to fail in the face of increasing production throughout the world. For instance, three new countries, Spain, Mexico, and Italy, are listed as exporters under this agreement. Italy has become an exporter of wheat; she used to have to import large quantities of wheat in order to feed her people. The same applies to Spain and Mexico. If world production increases—and the main factor in increasing production in the world, make no mistake about it, is the level of prices that have obtained—

Hon. Mr. Davies: I do not want to be a nuisance, and I am sorry to interrupt, but will this agreement control the price which Canadian millers pay to Canadian wheat growers for their wheat?

Hon. Mr. Aseltine: No.

Hon. Mr. Crerar: They will buy their requirements, I should think, at something between the minimum price and the maximum price, which they have been doing in the past year.

Honourable senators, I may be a bit old fashioned, but I do not think that in the end the devices of governments can overcome the old operative law of supply and demand —at least if we are to retain the freedom we boast so much about. Sooner or later we shall have to recognize that fact. I know the situation is creating very much concern out on the prairies, and also among American wheat growers. Maintaining a price level, lower it is true than obtained at the end of the war, we have simply brought a number of new countries into production. If the law of supply and demand had operated for six or seven years following the end of the war the farmers of western Canada would have received in that period very much higher prices for their wheat than they did receive. In the past five years they would probably have taken lower prices than the average they received, but in the operation of the lower price level countries like Mexico and Spain, and probably Italy too, would be squeezed out.

Hon. Mr. Brunt: Because of the high cost of production.

Hon. Mr. Crerar: Because their costs of producing wheat are much higher. What we have been attempting to do under these agreements is to interfere with the operation of natural laws, and my knowledge of human experience indicates that in the end that is almost certain to fail unless we get complete regimentation throughout the world.

There is one other point I wish to mention, and then I shall not inflict myself on the patience of the house any longer.

Hon. Mr. Aseltine: Go ahead.

Hon. Mr. Crerar: We should not overlook possible competition in the sale of wheat from Russia in future years. Before the Russian revolution, some forty years ago, that country was a large exporter of wheat to western Europe. I am well aware of that fact because, as it may be known to some of you, at any rate, I was at one time engaged in the grain business, which is a pretty good operation when you are working for a farmers' company. There was keen competition from Russia in those days. There is no doubt that Russia is developing her agricultural potential and that she may well

come into the market in a few years with very substantial exports of wheat. If she does so, it will be into the markets where we hope to sell our wheat. It is true that we may sell Russia some wheat. In fact, we have sold her wheat for export to her Pacific ports like Vladivostok, but that was simply because it was much cheaper to move wheat from Vancouver to that port than to move it there from Moscow by rail. We may have some compensating conditions there. However, I think that at the levels at which prices remain we are not going to be able to reduce our surpluses, but that it is almost certain that the surpluses in the world will increase. If that proves to be the case, I do not know how that problem will be handled in future by the governments that have to deal with it.

Finally, there is no doubt that the situation so far as our prairies is concerned has much in it that is serious. I have said what I have said today because I do not think this agreement is the answer at all, and that our farmers will find that they have been leaning on a broken reed, if they expect that by signing international agreements we can get a permanent stability in wheat prices.

Hon. Mr. Brunt: May I ask the honourable senator just one question? Does he not think that if we cannot have a whole loaf it may be wise to take even half a loaf? We all realize that this agreement is possibly not as good as the previous one, but does not the honourable senator think it is helpful to this country to have such an agreement as this?

Hon. Mr. Crerar: Well, it is a very fair question that our colleague from Hanover (Hon. Mr. Brunt) has addressed to me. I cannot answer the question affirmatively. This agreement certainly is no improvement on, but rather a weakening of, the old agreement.

Hon. Mr. Brunt: Granted.

Hon. Mr. Crerar: I think we are all agreed on that. But I, for one, do not want to be reduced to the position where I have to take half a loaf as the best possible arrangement that can be made. As a matter of fact, this may well be the last international wheat agreement, because I think all over the world there has been a changing opinion about the value of these agreements. They have not worked out on other things, except in the case of a closed cartel, like a sugar agreement, for instance, where you have only two or three producting countries. They have not worked out on oil or base metals, and I think that in the end they are not going to work out on wheat. For that reason, it seems to me that we are harbouring a delusion and following a will-o'-the-wisp if we imagine that in this way we are going to find the answer to all our problems connected with the production of grain.

Hon. Norman P. Lambert: Honourable senators, I am impelled to contribute a few brief remarks in connection with this agreement because I believe that since the end of the war, and particularly among those nations and countries that associate themselves with the so-called free world, there has been a conscientious attempt made to try to arrive at a renewed measure of co-operation and understanding of international problems, whether they are economic, political or social. While this wheat agreement is full of pious hopes, if one might say so, it does represent, I think, an earnest attempt on the part of its participating and sharing signatories to rationalize a very difficult economic situation as it affects the supply and distribution of grain, and particularly wheat.

We have had a good many similar agreements of one kind or another, particularly in connection with wheat, since the end of the war. My honourable friend from Churchill (Hon. Mr. Crerar) has referred to the British Wheat Agreement, followed, as it was, by the International Wheat Agreement.

I would like to emphasize one thing very definitely, that for ten years following the end of the war there was a situation in the world that favoured sellers of grain as against buyers of grain. That era has changed now into a period which favours buyers of grain as against sellers of grain. In other words, we have passed from a sellers' market to a buyers' market. Broadly speaking, I think that is the important economic factor that should be kept in mind in connection with the application of the terms of this agreement.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Lambert: The very fact, as my honourable friend has pointed out, that exporting countries are not mentioned in this agreement as much as importing countries, is significant. No definite allocation of amounts that might be for sale from the exporting countries is made, simply because in a general way, as between the United States and ourselves, there is a great surplus already.

Now, nature is a factor that probably we do not give enough heed to in connection with this problem, but this year in western Canada, I would suggest, there is already a very definite indication that the surplus we have carried over, in which there has been

a steady decline during the last three or four years, will be reduced still further. The quality of our wheat is another factor which I think has a very direct bearing on this problem. The range of prices that my honourable friend has referred to here—$1.50 to $1.90—is based on what is called the contract grades of hard wheat, basis Fort William, but a great many other grades, lower grades, are saleable and are sold on the basis of wider spreads than this, below the minimum of $1.50. In the needs of a consuming importing country the highest grade, represented by so-called contract grades 1, 2 and 3 Northern, is not an essential to life: what is needed is grain that can be used, and often this may be very low-grade grain. This country has at times sold more of grades Nos. 5 and 6 than of any other grade. Countries such as China and other Oriental areas, or the West Indies, where low-grade consumption is the standard of living, take comparatively little high-grade wheat and flour.

The United States again has a different quality of wheat from ours. It has several soft grade varieties which on the whole sell at a lower price than our higher hard wheat contract grades.

If one were going to suggest a future for this International Wheat Agreement I would suggest that, in the face of the crystallizing today of various trading blocs in the world—my honourable friend from Ottawa West (Hon. Mr. Connolly) has recently visited the scene of one of them, and some of the rest of us who have been in Montreal lately have visited the scene of another potential one—our possible position in relation to these developments should be considered. The resolving of blocs of this world's peoples into economic groups for self-preservation introduces an aspect of this International Wheat Agreement which I do not think can be ignored. If it has a future at all it will be in an attempt to rationalize supply and demand of this very important world commodity. Personally, I feel that as far as the export of wheat is concerned we have a special problem in Canada and in the United States. I think that Canada and the United States, in this North American zone, if you like, have a joint problem, and a responsibility which invites and indeed challenges practical co-operation in the rational liquidation of our supplies.

Hon. L. M. Gouin: Honourable senators, at the beginning of this debate my honourable friend the Leader of the Opposition (Hon. Mr. Macdonald) raised a very important question on international law. He was answered to some extent by the honourable Leader of the Government (Hon. Mr. Aseltine). In the meantime I looked up the agreement which we are considering now so as to determine the provisions which would support or not support the position taken by the Leader of the Government, and I must admit that for once I am in the position of being able to corroborate the stand taken by him.

In the *Minutes of the Proceedings* of June 23, at page 493W, we find paragraph 2 of article 35 of the agreement.

Hon. Mr. Aseltine: I found it since the question was asked.

Hon. Mr. Gouin: If the honourable Leader of the Government will allow me, I think I will say the same thing that he would say.

Like all treaties, this one requires to be ratified. Paragraph 2 of article 35 says:

> This agreement shall be subject to acceptance by the signatory Governments in accordance with their respective constitutional procedures.

That is just what we are doing now. In other words, a treaty is not binding until it has been duly ratified, and letters of ratification have been deposited.

In paragraph 5 of article 35 we read these words:

> Part I and Parts III to VIII of this agreement shall enter into force on 16 July, 1959 and Part II on 1 August, 1959 between these Governments which have by 16 July, 1959 accepted or acceded under—

And it cites certain paragraphs of article 35. In other words, the agreement will be binding between the signatories which have ratified it. It is not an agreement which requires acceptance by all parties.

I wish also to refer to the question of acceptance. Some powers may accede to the agreement, and in such cases there is required a vote of the members of the pool. On reading article 24 of the agreement, I must say I am rather proud to note that among the exporting countries the two powers which have the largest number of votes are the United States and Canada, each with 339 votes.

Honourable senators, I am not an expert on wheat marketing, and I wished merely to clear up this legal point.

Hon. Mr. Macdonald: I wish to thank the honourable senator from De Salaberry (Hon. Mr. Gouin) for bringing paragraph 5 of article 35 to my attention. I might add that the closing words of the paragraph read as follows:

> —provided that such Governments hold not less than two-thirds of the votes of exporting countries and not less than two-thirds of the votes of importing countries in accordance with the distribution established in articles 24 and 25.

I again thank the honourable senator for the information he gave.

Hon. Mr. Burchill: May I ask the honourable Leader of the Government (Hon. Mr. Aseltine) a question? He stated that the agreement which is just expiring allows Canada a quota of approximately 100 million bushels. What portion of Canada's total export sales during that period was under the International Wheat Agreement?

Hon. Mr. Aseltine: I understand Canada's total export was 316 million bushels, but I do not have a breakdown of the figures.

Hon. Mr. Brunt: Roughly one-third.

Hon. Mr. Macdonald: Honourable senators, I presume that this agreement will go to committee for further consideration and in order that we way obtain additional information.

Hon. Mr. Aseltine: The 1956 agreement was not referred to committee. However, I would like to say something before the debate is closed.

Hon. Mr. Macdonald: I have no objection to the honourable leader's speaking at this time, but I do feel that before the agreement is ratified, it should be sent to a committee for further information. This is a very important agreement, which involves a large segment of the population of Canada, namely, the wheat-growing farmers of the west. I feel very strongly, therefore, that we should refer the agreement to a committee in order to get information with respect to the world wheat situation. The honourable senator from Churchill (Hon. Mr. Crerar) raised a question concerning increased production of wheat by Russia. What effect is that situation going to have on the wheat supplies of the world? There are many other kindred subjects on which I think we should obtain information before ratifying this agreement.

The honourable senator from De Salaberry (Hon. Mr. Gouin) has brought to our attention the provision in the agreement as to the effect of ratification of the agreement before July 16. Well, we have 16 days before the agreement has to be ratified. Surely we can spend one day in committee to get further information.

Hon. John T. Haig: Honourable senators, when we ratified the British Wheat Agreement, some ten or more years ago, the honourable senator from Churchill (Hon. Mr. Crerar) and I were the only two rebels in the house. We said we thought the agreement was a foolish move and was being improperly endorsed by the Government of Canada. I do not know how the senator from Churchill was treated, but when I got home to Manitoba I was nearly run out of the province. I suggested that the farmers might lose $300 million through the ratification of that agreement. Well, they lost $600 million. I was a little short.

But there is something else to this agreement which did not exist in the agreements which were previously presented for ratification. When the struggle was taking place in Manitoba, Saskatchewan and Alberta over the question as to whether or not wheat should be sold on the open market, there were those who advocated the pool agreement idea. The better dealers in wheat in Manitoba told me if such an agreement were entered into we would land just where we have landed today.

In my opinion you have to sell wheat by word of mouth. True, this agreement is written out, but we sell largely by word of mouth. No matter what argument you put up, the only place where wheat can properly be sold is on the public market, where the seller and the buyer have a chance to bargain. There is such a market place in Winnipeg, one in Chicago, and one or two in Europe, and they control world prices. The exchange at Winnipeg is one of the world's largest, and it is trading in wheat every day. A miller from Glasgow, from Paris, or from Armsterdam will cable his agent in Canada to communicate with Winnipeg and buy, say, 10,000 bushels of No. 2 wheat f.o.b. Fort William. He does that to guarantee his supply against a contract which he is making as a miller, or a baker or as a purchaser in some other line of business. That system of trading has been used for the handling of grain almost since time began. By that method the seller and the buyer come together and the price paid is what the world market thinks it should be.

I think this agreement should be ratified, not because it is proposed by this Government, or by any other Government. It is practically the same as the former agreement, with a few changes in the wording here and there. The point is that representatives of the wheat pool from Manitoba, Saskatchewan and Alberta were at the meeting held in New York at which this agreement was considered. They are the backbone of the present wheat selling scheme in the Prairie provinces. They are the people who come down here and demand $300 million for deficiency payments. They are the people who dominate the political arena of those three provinces. What we who come from the Prairies have to recognize, in my judgment at least, is that the way to deal with these people is to let them attend their meetings and state clearly their position and what they want. Then if this agreement does not prove a success, and the price of grain is not such as to make grain growing profitable in relation to cattle raising and other

branches of farming, we will know where the blame lies. You do not have to be a farmer to know that. Some of us were brought up that way, and we know that happens. I can remember the day when everybody in Manitoba grew wheat and no one kept many cattle. Afterwards they found they could not sell their wheat. Often it would be hit by frost or it suffered from lack of rain, but these things did not affect cattle. Cattle sales went up very substantially in that province. Although this past year's crop itself was poor, we have had a fairly good year in the province because the cattle market was very good.

I want to see this agreement ratified because I want to give the men who are running the wheat business in Manitoba and Saskatchewan a chance. They think they have a cure for the problem, but they have not. Nevertheless, they are trying desperately hard to pull themselves out.

Let me tell you of a little incident which occurred while I was riding on a train in the west about four years ago. An Anglican bishop from Saskatchewan came along and sat down beside me. He asked, "Are you a member of Parliament?" I replied, "No. I am one of those fellows they call senators." He continued: "I would like to ask you a question. Can Mr. So-and-so"—he named a man from Saskatchewan, whose name I will not mention here—"force the people of Britain to buy our grain at the price he puts on it?" I said: "My dear sir, I do not know. You know much more about economics than I do. He can only force the people of Great Britain to buy our wheat when our price is cheaper than anybody else's, and not a minute before. When wheat goes down to $1 or to 50 cents a bushel, that is all he can get for it." I do not know whether that man is still in Regina, but he knows now that the people of Britain will not buy our wheat unless it is cheaper than anybody else's.

I want to see that the people who are selling grain have a chance to carry out their ideas, which are contained in this agreement. They have advocated it. I want them to see what can happen under their direction. This idea never did succeed and it never will. That is exactly what the honourable senator from Churchill said about the British Wheat Agreement. I backed him up, and we were two voices crying in the wilderness—just Crerar and Haig crying in the wilderness and saying it could not and would not happen.

Hon. Mr. Horner: May I point out that you were not alone at all?

Hon. Mr. Haig: We told them of the loss they would take, and now everybody wants to get on the band wagon.

Hon. Mr. Horner: Look up the record.

Hon. Mr. Haig: I did not hear the honourable senator from Blaine Lake (Hon. Mr. Horner) speak that day. I remember only the honourable senator from Churchill and myself saying that they would clean us up before we were through.

Honourable senators, if you want a committee to look into this agreement, I am agreeable. The information will all come out then. After that the agreement will be ratified by this house, and the farmers of Manitoba and Alberta will not be able to say that we parliamentarians held up the agreement that they wanted passed. They themselves think it is a good agreement, so let them have it and they will learn. They are the men who sell the wheat, and they are the ones who will bear the loss. They will learn that that marketing system is all wrong and that we will have to go back to selling on the world market.

We Canadians produce wheat of a quality that will sell against any other in the world, and therefore we can get a market for it. Make no mistake about that. There has never been any fear of that in the minds of our farmers out west. They know they grow good grain, and they know they can sell it. But if you put all these conditions on the sale of wheat, such as preventing the farmers from going outside the pool, so that they cannot sell on the public market, then this sort of thing will be happening all the time.

Let us approve this agreement, and at the end of three years those of you who now support it will be glad to go back to the grain-selling system that the world has had for hundreds of years.

Hon. Mr. McDonald: Would the sponsor of the resolution tell us on what basis the votes of importing and exporting countries are calculated?

Hon. Mr. Aseltine: That is right in the agreement.

Hon. Mr. McDonald: I know, but I was wondering on what basis they are made. I notice that Canada and the United States are each allotted 339 votes.

Hon. Mr. Aseltine: They are the biggest exporters.

Hon. Mr. Macdonald: We will get that information in committee.

Hon. Mr. Brunt: Yes, we will hear that from the technical men.

Hon. Mr. Aseltine: Before the motion is put I would like to clear up a few matters.

Hon. R. B. Horner: Honourable senators, may I interject a few words?

I have often been accused of being old-fashioned, but it is the honourable senior senator from Winnipeg (Hon. Mr. Haig) who is telling us that wheat should be marketed on the grain exchange. Well, he had better try that campaign out in western Canada and see how far he can get today. We were all accustomed to hearing that wheat was a glut on the market, so the marketing of it was taken out of the farmers' hands. Then suddenly there was a drought here, and a great calamity in some other country, and wheat went up 50 cents a bushel after it left the farmers' hands. No doubt the honourable senator from the great city of Winnipeg can tell us the amount of money that was made out of trading in wheat on the grain exchange. Those in charge of selling were not anxious to secure the best price obtainable for the western farmer, but rather to make all the money they could on his grain as it passed through their hands. Will we ever go back to that? To do so would be ridiculous.

So far as the British Wheat Agreement is concerned, I opposed its ratification in this house, as the record here will show. I would quote what I said, if I were not too lazy to look it up. The honourable senator from Churchill mentioned the farmers' organizations. We are deluged by further claims because they feel that they suffered an injustice through this agreement, which I believe they endorsed and asked the Government to enter into. I was opposed to the agreement. I had no feeling, as I have said, for the position in which the British found themselves under the "have regard" clause. Surely, if someone gets the best of a bargain with you he will be more careful in the future because he will be under the impression that you are endeavouring to get the best of him. He will be more careful in his next deal with you to see that you do not get back what he took from you. Life's experiences teach us that.

Honourable senators, that is all I have to say. I had not intended to say anything, but the honourable senior senator from Winnipeg—

Hon. Mr. Brunt: Stirred you up.

Hon. Mr. Aseltine: Honourable senators, I believe my remarks will close the debate.

The Hon. the Speaker: If the honourable Leader of the Government (Hon. Mr. Aseltine) speaks now on this motion his remarks will have the effect of closing the debate.

Hon. Mr. Macdonald: May I ask the Leader of the Government to which committee he proposes to refer the agreement?

Hon. Mr. Aseltine: I have not yet proposed to refer it to any committee, but I will deal with that before I sit down. In the meantime the honourable Leader of the Opposition may be thinking about the Standing Committee on Canadian Trade Relations?

Hon. Mr. Macdonald: What about sending it to the Standing Committee on Natural Resources?

Hon. Mr. Aseltine: May I suggest that we leave that for the moment?

I have listened with a great deal of interest to the speeches which have been made on this very important and complicated matter. During the long period of years in which I have been a member of this chamber I have spoken oftener on wheat than on any other subject. In spite of what the honourable senior senator from Winnipeg (Hon. Mr. Haig) has said, both my honourable colleague from Blaine Lake (Hon. Mr. Horner) and I are on record as having opposed the British Wheat Agreement. In saying this I do not want to take any credit away from the honourable senior senator from Winnipeg or, indeed, from the honourable senator from Churchill (Hon. Mr. Crerar). I just want to say that we, too, thought the same things about that particular agreement.

Hon. Mr. Brunt: There is enough glory for everybody.

Hon. Mr. Aseltine: However, my object in rising was not to point this out. I merely wanted to clear up a few matters. The honourable Leader of the Opposition (Hon. Mr. Macdonald) asked me a question and I would like to qualify what I said in reply by referring to article 35, paragraph 7, which reads:

> If by 16 July 1959 the conditions laid down in the preceding paragraphs for the entry into force of this agreement are not fulfilled, the Governments of those countries which by that date have accepted or acceded to this agreement in accordance with paragraphs (2), (3) or (6) of this article may decide by mutual consent that it shall enter into force among them, or they may take whatever other action they consider the situation requires.

Is that of any assistance to the honourable Leader of the Opposition?

Hon. Mr. Macdonald: Yes, thank you.

Hon. Mr. Aseltine: The honourable senator from Churchill referred to special transactions. These, of course, are entirely different from commercial sales. Under the old agreements such special transactions were not a breach of the agreements in any respect.

Hon. Mr. Crerar: There was no provision in those agreements for special transactions.

Hon. Mr. Aseltine: Exporters were not compelled to record those transactions. They recorded only commercial transactions, which

were the only ones controlled by the old agreements. The new agreement recognizes the existence of these special transactions. The old agreements ignored them entirely, and this fact undermined the effectiveness of the agreements.

Hon. Mr. Crerar: Is it not a matter of common knowledge that these so-called special transactions were certainly being carried on by the United States?

Hon. Mr. Aseltine: Oh, yes, I do not deny that.

Hon. Mr. Crerar: Every country knew that. In, I think, the Polish sale Canada took deferred payments. Everyone knew about that, so it does not mean very much to try to make a virtue out of the fact these transactions are now to be reported to this august wheat council.

Hon. Mr. Aseltine: I understood the honourable senator from Churchill to say that the special transactions were a breach of the old agreements. What I am saying now is that those special transactions were not mentioned in the old agreements at all.

Hon. Mr. Crerar: They certainly constituted a breach of the understanding between the exporting and importing countries.

Hon. Mr. Aseltine: I think that is splitting hairs.

Hon. Mr. Crerar: If the honourable leader is right, why did we protest to the United States that it was violating the agreement?

Hon. Mr. Aseltine: One always protests against anything when in a position like that. Under the new agreement the minimum percentages of the importing countries cover a larger quantity than was covered under the quota system of the old agreements. It is my opinion that the annual review provided under the new agreement will allow signatory countries to discuss the various problems relating to international wheat trade in a much more detailed manner than ever before.

Honourable senators, I have mentioned these few facts just to clear up the record. This is a very important matter, and it could be referred to committee if that is the wish of honourable senators. I would point out that we have no power to change the terms of the agreement in any respect and it either stands or falls in its present form. It would be interesting to find out as much as we can about the world wheat situation, and I have no objection to referring the agreement to committee, if there is any real advantage to be gained by that. However, to my recollection similar agreements presented to this house for ratification in 1949, 1953 and 1956 were not sent to committee. Several of our committees have a great deal of work to do just now, and we might clutter up things by considering this agreement in committee. I am open to conviction and would like to hear if the honourable Leader of the Opposition has anything further to say on the point.

Hon. Mr. Macdonald: Honourable senators, I would suggest that the honourable Leader of the Government move that the agreement be referred to the Standing Committee on Canadian Trade Relations. As I said before, this is a very important agreement. The entire question of the marketing of wheat is one which I think involves a larger percentage of Canada's population than does the marketing of any other commodity in this country. Any information we can get will be all to the good. I do not wish to go through the formality of suggesting that the agreement be not approved of at this time, for I have no doubt that the house will approve it, but I do suggest that it be referred to committee. There is a great deal of additional information which we should have with respect to this problem. I feel that we are entitled to it and that the country is entitled to it. In fact, to my mind this matter is so important that not only should it be referred to a committee for the information of the Senate, but a stenographic report should be made of the evidence taken in committee so that the Government and the people, as well as the members of this house, will know just what the situation in Canada is with respect to the production and marketing of wheat.

Hon. Mr. Aseltine: I suggested that the agreement be approved today because the previous agreements were dealt with in that way when the former Government was in office. Whether or not the matter is more serious now than then, I do not know. The overall picture in western Canada is better now than it has been. The surplus has gone down considerably; in fact, I understand that it is down to about 500 million bushels, of which 300 million bushels is the quantity that we usually regard as a necessary carryover. However, in view of what has been said, and since it appears to be the consensus of opinion of the members of the Senate that this matter be referred to a committee, I will move that it be referred to the committee on Canadian Trade Relations.

The Hon. the Speaker: Will the honourable leader amend his motion for approval of the agreement?

Hon. Mr. Aseltine: Yes, Mr. Speaker, if that is considered necessary.

The Hon. the Speaker: In that event, I would suggest that the amended motion might read as follows:

Resolved: That it is expedient that this house do not approve, as yet, the International Wheat Agreement, and that it be referred to the Standing Committee on Canadian Trade Relations.

Hon. Mr. Macdonald: Mr. Speaker, may I say I do not like the words "as yet". They might give the impression that it is doubtful whether we are going to approve the agreement. My purpose in suggesting that the matter go to committee is that we should get information on the situation with respect to the production and sale of wheat. Perhaps the Clerk can suggest a method of getting this resolution to a committee.

Hon. Mr. Crerar: If I might say a word, honourable senators. This agreement cannot be altered. We have to ratify it as it is, or reject it. I think we are all in favour of ratification, even if some of us may not have very much faith in the agreement. I would suggest, therefore, that the customary practice be followed, that the resolution be referred to a committee and that it come back to the house to be adopted.

Hon. Mr. Hayden: Honourable senators, I would suggest that before we approve the wheat agreement it be referred to a committee. That would be a simple way out of the difficulty.

The Hon. the Speaker: Is that suggestion unanimously agreed to?

Hon. Mr. Aseltine: Agreed.

By unanimous consent, proposed resolution referred to the Standing Committee on Canadian Trade Relations.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, July 2, 1959

The Senate met at 3 p.m., the Hon. Lionel Choquette, Acting Speaker, in the Chair.

Prayers.

DOCUMENT TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following document:

Agreement between the Government of Canada and the Government of Japan for co-operation in the peaceful uses of atomic energy with a Protocol and agreed Minutes, signed at Ottawa, July 2, 1959. (English text).

I may say that as this agreement was signed only this morning, the French text will not be available until next week.

PUBLIC SERVICE PENSION ADJUSTMENT BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill C-60.

The report was read by the Clerk Assistant:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-60) intituled: "An Act respecting the Adjustment of certain Public Service Pensions", have in obedience to the order of reference of June 25, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon. Mr. Aseltine: Next sitting.

FARM IMPROVEMENT LOANS BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill C-63.

The report was read by the Clerk Assistant:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-63) intituled: "An Act to amend the Farm Improvement Loans Act", have in obedience to the order of reference of June 25, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon. Arthur M. Pearson: Next sitting.

PRIVATE BILL

DESJARDINS LIFE INSURANCE COMPANY—REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill S-29.

The report was read by the Clerk Assistant:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (S-29) intituled: "An Act to incorporate Desjardins Life Insurance Company", have in obedience to the order of reference of June 24, 1959, examined the said bill and now report the same with the following amendments:

1. Page 1, lines 22 and 23: Strike out "Desjardins Life Insurance Company" and substitute "Desjardins Mutual Life Assurance Company"
2. Page 2, line 10: Strike out "until" and substitute "before"
3. Page 2, line 11: Strike out "has been entered into" and substitute "becomes effective"
4. Page 3, line 26: After "unions" insert "or caisses populaires"
5. Page 3, line 30: After "unions" insert "or caisses populaires"
6. Page 3, line 31: After "union" insert "or caisse populaire"
7. Page 3, line 39: After "union" insert "or caisse populaire"
8. Page 4, line 2: After "union" insert "or caisse populaire"
9. Page 4, line 4: After "union" insert "or caisse populaire"
10. In the title: Strike out the title and substitute "An Act to incorporate Desjardins Mutual Life Assurance Company".

AMENDMENTS CONCURRED IN

The Hon. the Acting Speaker: Honourable senators, when shall these amendments be taken into consideration?

Hon. Mr. Hayden: Honourable senators, I move that the amendments be concurred in now.

These amendments, which were made in committee this morning, are very simple and not contentious. So far as the name is concerned, since the company is to be a mutual company it was desired that the word "Mutual" appear in the name. In the bill as it was presented to the Senate the Company was described as "Desjardins Life Insurance Company," but at the request of those representing the company before the committee we amended the name to "Desjardins Mutual Life Assurance Company." In this connection, may I point out that the bill proposes to create a federal incorporation to take over the assets and the operations of a provincially incorporated company which has been carrying on business for about ten years and which also is a mutual insurance company.

Another change is made in a number of places in section 10 of the bill. This company, provincially operated, has a guarantee fund

in the nature of a reserve which was contributed to by a great number of the *caisses populaires* in the province of Quebec. Section 10 uses the words "credit unions" possibly six or seven times. Since in the province of Quebec there is a distinction between the terms "credit unions" and "*caisses populaires*", and the latter term is well known and understood in that province, the company's representatives asked us in committee if wherever the words "credit unions" appear in section 10 we would add thereafter the words "or *caisses populaires*". We agreed to do this in order to make the matter absolutely clear.

In section 6 the word "before" has been substituted for "until", and the words "has been entered into" have been changed to "becomes effective". May I explain why this was done? The provincially incorporated company is operating and has assets. It is proposed to transfer those assets to this company which is seeking federal incorporation, but the federal authority, the Superintendent of Insurance, will not issue a certificate until the transfer agreement has become an effective agreement. The section at present reads as follows:

> The company shall not commence business until a certificate of registry has been granted to it under the provisions of the Canadian and British Insurance Companies Act, but no such certificate shall be granted until an agreement has been entered into between the company and the provincial company as provided in section 10 of this act.

The committee proposes that the latter part of the section should read:

> —but no such certificate shall be granted before an agreement becomes effective between the company and the provincial company.

That change is proposed in recognition of the fact that there is a difference between the date on which the agreement is entered into and the effective date, which is the date when the transfer will be made. At the moment of transfer the federal company must be in possession of a certificate so that the provincial company may, with the approval of the provincial authority, make the transfer of assets. Possibly the section in its present form conveys all of that, but in order to be absolutely sure, and to satisfy particularly the provincial authority in this case, we propose this change in the language.

Motion agreed to.

THIRD READING

The Hon. the Acting Speaker: Honourable senators, when shall this bill, as amended, be read the third time?

Hon. Léon Méthot: Honourable senators, on behalf of the honourable senator from Mille Isles (Hon. Mr. Monette), I move that the bill, as amended, be read the third time now.

Motion agreed to and bill, as amended, read third time and passed.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill C-61.

The report was read by the Clerk Assistant:

> The Standing Committee on Transport and Communications, to whom was referred the Bill (C-61) intituled: "An Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System for the period from the 1st day of January, 1959 to the 30th day of June, 1960, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company", have in obedience to the order of reference of June 25, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

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

Hon. Mr. Aseltine: Next sitting.

BUSINESS OF THE SENATE

On the Orders of the Day:

Hon. W. Ross Macdonald: Honourable senators, before the Orders of the Day are proceeded with, may I ask the Leader of the Government (Hon. Mr. Aseltine) if he is in a position at this time to say what the adjournment will be over the weekend?

Hon. Mr. Aseltine: Honourable senators, until a few minutes ago I thought the house would have to sit tomorrow. There is now some possibility that the debate on the Unemployment Insurance Bill will be completed early this afternoon, and that the Canadian Forces Superannuation Bill and the Veterans' Land Bill will receive second reading later at this sitting. In that event, I will ask that the house adjourn until Tuesday next at 3 o'clock in the afternoon. This plan is contingent upon the progress we make this afternoon.

Hon. Mr. Macdonald: Thank you.

ATLANTIC CONGRESS

LONDON MEETING

Hon. John J. Connolly (Ottawa West): Honourable senators, before the Orders of the Day are proceeded with, I thought it might

be appropriate to make a short report on the work done at the Atlantic Congress in London, which began on June 5 last, and which the honourable senator from Lumsden (Hon. Mr. Pearson) and I attended as delegates from the Senate.

I should, of course, say that we had considerable support from another member of this chamber, namely, the honourable senator from Shelburne (Hon. Mr. Robertson), who is Honorary Life President of the NATO Parliamentary Association. Senator Robertson was very much in the limelight during the congress, because of his unique position as one of the co-founders of the NATO Parliamentary Association.

I should also like to mention the fact that the leader of the Canadian delegation, Mr. Harry F. Jones, M.P., and the secretary, Mr. Chester MacRae, M.P., did everything that could be done to provide conveniences, comforts and other amenities, not only during the conference, but while the delegation was en route to and from the congress.

It should be remembered that the NATO Parliamentary Association is an unofficial organization. It has no official status in the eyes of the governments of the countries which send representatives, nor has it any official status before the NATO council. I think, too, that none of the recommendations of the NATO Parliamentary Association have ever actually motivated any action taken by the NATO council.

In saying that, I do not think I detract from the value which the NATO Parliamentary Association has had for NATO and for the countries of the alliance. In particular, it has made it possible for parliamentarians to understand a good deal more about the treaty, its purpose and its function.

At the meeting of the NATO Parliamentary Association in 1957 it was proposed that in 1959, during the tenth anniversary year of the treaty, there should be held a general congress which would be known as the Atlantic Congress, and at the request of the British authorities the meeting was held in London. This meeting was attended by some 650 delegates from 15 signatory countries. Only one-third of the delegates were parliamentary delegates; two-thirds were non-parliamentary persons, selected by governments or otherwise from the citizenry of their country. Canada had 46 delegates, the United States 130, Germany, Italy and the United Kingdom 70 each, and the other countries had fewer delegates.

We were specifically told before we went that as delegates we would not be expected to voice the opinions or views of the governments of the countries from which we came. We were not instructed. There were no ministers in the delegation from Canada. I should say, however, that one of the members of the delegation was the Honourable Dana Wilgress who, as you know, has had a great experience at international meetings, and in particular he knows a great deal about the NATO organization. We also had the advantage of having the Honourable Jules Leger, the Canadian Ambassador to the NATO Council, come from Paris to be with us at the meetings.

I should be very remiss if I did not say how gracious, how helpful and how kind were the Honourable George Drew, Canadian High Commissioner in London, and Mrs. Drew, to the delegation as a whole and to individual delegates. In the same breath I would like to mention the kind and superb hospitality that was provided to the delegates from all countries by the British hosts.

Perhaps it would not be amiss if I said that the chairman of the British Hospitality Committee was a person who would interest the members of this chamber. She was Baroness Elliot of Harwood, one of the first group of peeresses to be appointed to the House of Lords. She is a delightful woman and was a fine chairman. She was also very much interested in the work the lady peeresses were doing in the House of Lords. I had a great deal of pleasure in telling her about the precedents that had been established for her and her associates by the work done in this chamber for nearly 30 years now by our own lady senators.

Hon. Senators: Hear, hear.

Hon. Mr. Connolly (Ottawa West): The conference was opened with a magnificent and impressive ceremony in Westminster Hall by Her Majesty the Queen. There was present as well the British Prime Minister, who spoke as only the Prime Minister of Britain can speak on such an occasion. He was accompanied that day by the Speaker of the House of Commons, and the Lord Chancellor who, as you know, is Speaker in the House of Lords.

The general sessions of the congress were held in Church House, which everyone knows is just beside the Abbey yard at Westminster. I think I should mention some of the distinguished people who attended our plenary session. In addition to the Prime Minister of Great Britain we heard a speech from the Leader of the Opposition, Mr. Gaitskill, from the Secretary General of NATO, Mr. Paul Henri Spaak, from Prince Bernhard of the Netherlands, Mr. Helvaard Lange of Norway, Dr. Mordecai Johnson, President of Howard University in Washington, D.C., the Archbishop of York, and Mr. Lewis Douglas, who at one time was American Ambassador to the Court of St. James.

There were some very distinguished individuals in some of the national delegations. It would be difficult to mention all the people who were there and who worked hard, but they included men like Senators Kefauver and Javits from the United States, Mr. Guy Mollet from France, Earl Attlee from Great Britain, and the Honourable Mr. Lombardi from Italy.

The actual work of the congress was done in five different committees. Committee A dealt with spiritual and cultural matters; Committee B, with political matters; Committee C, with economic matters. All of these matters were concerned with relationships between the members of the NATO alliance. Committee E dealt with relationships between the NATO countries and the free or uncommitted countries of the world, and Committee F dealt with relationships between NATO countries and the countries of the communist bloc.

I do not think it is an over-simplification to say that the result of the congress was an attempt to explore the possibilities available to the NATO countries under the provisions of article II of the treaty which was signed in 1949 and which provided for co-operation in matters that were not exclusively military. And I think it is not a further over-simplification to say that the combined effect of all the resolutions passed by the Atlantic Congress was to fortify the report made in December 1956 by the well known Committee of Three, the report which dealt with non-military co-operation in NATO.

I would say that the effect of these resolutions was unmistakably enthusiastic and was a general approval of the work of, and the recommendations that had been made by, the Committee of Three some three years ago. There were differences, of course, within the delegations, and within the committees, on ways and means of accomplishing certain things which people thought should be done —on procedure and on methods and on detail; but I do think, in general, the work embodied in the resolutions was an endorsement of the idea of article II of the treaty, and of the report of the Committee of Three in 1956.

Perhaps I might be allowed a personal reference at this point. At one of the receptions which were held I had the privilege of meeting Mr. Robert Schuman. As honourable senators know, Mr. Schuman has been in the public life of France for some 30 years. I was not alone at this time, I was with other Canadians, when he said: "I am so pleased to see Canadians at this congress because Canada, more than any other country, is responsible for the inclusion in the treaty of the provisions of article II. Canada has a legitimate place at this congress, and Canada should take the lead in trying to promote the ideals and ideas behind article II."

I might say to honourable senators, if I may be allowed a personal reference again, that in the earlier days of the preparation of the conference I submitted a paper for consideration by the Spiritual and Cultural Committee. I did not serve on that committee; I served on Committee E, which dealt with relations with the communist bloc. But when I arrived in London I found that there had been other papers sent to that same committee, and the Rapporteur had made a report of these various papers. I found, somewhat to my personal dismay, that I was quoted along with the very eminent French historian, Danielou, and the Archbishop of York, as authority for propositions that should be considered by the Spiritual and Cultural Committee. I know that honourable senators have been quoted in as good company before, but it was a novel experience for myself.

Hon. Mr. Power: May I ask my honourable friend why they moved him over to the fighting committee later?

Hon. Mr. Connolly (Ottawa West): Perhaps the honourable gentleman can answer that question himself. My racial background may have had something to do with it.

The subcommittee to which I was allocated was one on which I was very proud, indeed, to serve. Its chairman was a British delegate, Richard Gould-Adams. He had been a member of the staff of the *Economist* several years ago. He had done his homework very well. He had organized the work of the committee, and it was a great pleasure to work under his chairmanship. I would be remiss if I did not say that the delegates on that subcommittee consisted of people from the United States, two members of the British House of Commons, a very fine French group and an excellent group from Germany, all of whom contributed materially to the work of that committee. The result was that the resolutions which were prepared were brief and clear. They went through the main committee without obstruction, and through the plenary session without any difficulty whatsoever.

One of the problems that bothered me—and I must say I was a complete newcomer to any kind of international meeting of this kind—was this: in the subcommittee when they were dealing with relations between NATO countries and the countries of the communist bloc they were talking about political

relationships, economic relationships and social relationships, and at one stage I said:

> We in North America have not the communist problem in our domestic, every-day life which you have. But what we see is an ever-increasing rise in our defence costs. We have higher tax levels and budgetary deficits. All of these create problems for our people and our country. We wonder whether this high level of defence expenditure is to be maintained. In other words, do these cultural and economic and other relationships you want to have with the Iron Curtain countries involve a reduction in defence effort?

Individually, the members of the national delegations rose and said they were expressing the views of their own people, and of their own governments. They said, that the military strength of NATO must be maintained if the security of the West is to be assured. This was not an easy kind of statement for them to make. They said that ten years ago the reason for establishing NATO was to establish a strength from which we could negotiate. They felt it would be fatal to the countries of the West if that strength were allowed to be weakened now. I might say that General Norstad, NATO Commander in Europe, also addressed the congress, and he spoke very encouragingly about the kind of strength the West now possesses.

Why did this conference meet? Why did we want to develop our economic strength? I think it fair to say that the reason lies in the declaration of economic warfare Mr. Khrushchev has laid down many times. I do not propose to elaborate on this, because I spoke about it on a previous occasion in the Senate when I discussed the establishment of the Common Market in Europe.

A bloc development in trading patterns such as the establishment of the Common Market, and the proposals made at the recent Stockholm meeting in which a free trade area was discussed, and the recent meeting in Montreal between legislators of Canada and of the United States, if I read the press rightly, all seem to indicate a growing desire on the part of Western countries that we should not only be strong militarily but we should also have strong economies with which to face the leaders behind the Iron Curtain. The Atlantic Congress recognized that, in the economic sphere, bloc trading facilities can strengthen the economy of areas—they are good things, although they may create economic rivalry as between blocs, which can be detrimental to the free flow of trade between different parts of the West and, indeed, between different parts of the world. The report of the Committee of Three was very clear on this point. I would say that the work of the congress was to support the recommendations contained in that report.

If economic co-operation is to be developed in the West—if trade is to be freer—the political cohesion between the NATO countries should be great. NATO can be an instrument not only for the establishment and promotion of economic co-operation, but it can also set up the means, through some agency of its own choice, for political co-operation.

I think, however, that the resolutions, and the recommendations of the Moral and Spiritual Committee were the basic ones. They explain the basic meaning and purpose of the Western alliance. Those resolutions spoke of the need to recognize the objectivity of the spiritual values which underline Western civilization—a civilization which was developed in the Mediterranean Basin originally, which is derived from Greece and Rome, with the monotheism of Israel, and which has been moulded by the Christian ethic—a civilization which has established a set of values—and values valid not only for the West, but valid also for the people of Africa, the uncommitted people of Asia with their mysticism, and valid also, if they will only be able to embrace them, for the peoples behind the Iron Curtain.

They made it clear, in that committee, that the choice is one between that philosophy and the philosophy of Marx, of Engels—of dialectic materialism. What we have in the West is a system, but it is more than a system. Beneath it is an ethic, the Christian code of morality, and in its survival lies the hope for peace and for security in the world. The means proposed at the congress to achieve these results was to set up certain agencies within NATO. There was some dispute between committees at the congress as to the most appropriate agencies needed. I took advantage on the last day to address the plenary session on this point. I said that the NATO organization is an unofficial organization, an advisory organization, and that there is no need for any Government or for NATO itself to act upon the recommendations which the Atlantic Congress might bring forth. But I did say that governments can choose what they like from the recommendations which the congress made. Some of the proposals may overlap. Those not fully appropriate will be eliminated. But it is for the people who were at the congress to make their views known in their own countries and to their governments.

The Secretary-General of NATO, Mr. Paul Henri Spaak, addressed the congress. I would hope that Mr. Spaak would find it possible to take these recommendations, which support the views of the Committee of Three, and which in turn were based upon article 2 of the treaty, and bring them officially to the notice of the NATO council. NATO can do

much to strengthen the political and economic fabric of the West—it can do much to promote the spiritual ideals of the West—and if it does so effectively the West will prevail, and so too will peace.

The work of the congress was intense. A great deal of preparation is needed for this kind of conference. I would suggest there might be some help in having continuity of membership from this chamber and elsewhere. I do not say this in the idea that I personally should be sent to other such meetings. I do hope, however, that the work that I was able to do was worthy of the ideals of this chamber.

PRESS REPORT

QUESTION OF PRIVILEGE

Hon. Jean-François Pouliot: Honourable senators, I rise on a question of privilege. I have in my hand a newspaper editorial that was published on December 18, 1957. That is quite a long time ago, but I did not take cognizance of this until recently. The reason I rise on this question of privilege today is that the Unemployment Insurance Bill is about to be discussed, and if you will allow me I will put my case before the house. I very seldom rise on a question of privilege, for my speeches are quite different here from what they were in the House of Commons. One mellows with age. My case is that a newspaper may use abusive language about anyone without causing any damage. For instance, this article about my humble self uses these terms:

—irritating gadfly . . . wordy fellow . . . stupid . . . gamut of nonsense . . . asinine comments . . . silly nonsense—

This is not the reason why I rise on the question of privilege. What I find really offensive are a few sentences to which I object very strongly, in view of the discussion that is going to take place in this house. One may be for the bill, one may be against the bill; one may speak, one may not speak; but it is simply unjust to write about anyone such a statement as appeared in *The Tribune*, of Campbellton, New Brunswick, on December 18, 1957, after the Unemployment Insurance Act was discussed in this house. I did not take part in the discussion; I listened to the speeches, but I did not say anything. Yet here is what was written in that paper—and I read it as a warning to the press for the protection of my colleagues in this chamber. Referring to myself, it says:

He doesn't like the National Museum; he doesn't like the way the Conservatives are trying to help out the unemployed of the country by making amendments to the Unemployment Insurance Act. He would rather sit in his ivory tower and watch the unemployed working men of the country starve.

Well, honourable colleagues, this I found contemptible. I will give the names of the two publishers of the paper, in order that other publishers who have self respect may put them on the black list. Their names are Roderick M. Raymond and L. G. Seely, co-publishers. They are contemptible men, they have no respect for truth, they are unjust, and they deserve to be told once and for all what honest citizens may think of them.

UNEMPLOYMENT INSURANCE BILL

SECOND READING

The Senate resumed from Tuesday, June 30, the adjourned debate on the motion of Hon. Mr. Emerson for the second reading of Bill C-43, to amend the Unemployment Insurance Act.

Hon. T. A. Crerar: Honourable senators, there is probably no act on our statute books that by its nature is more difficult to administer fairly, equitably and in the interests of the taxpayers of this country than the Unemployment Insurance Act, and therefore the amendments proposed by the sponsor, the honourable senator from Saint John-Albert (Hon. Mr. Emerson), certainly come into the category of important amendments. The sponsor of the bill spoke with considerable clarity in his explanation of the amendments proposed. I regret, as I am sure the house does, that he did not speak with equal clarity when he gave reasons for supporting the changes proposed. He enumerated five major changes in the legislation. Without intending to delay the work of the house unduly, I should like to refer briefly to some of these amendments.

The first amendment he mentioned was that the benefit rates and the allowable earnings are revised upward; that is, the benefits the insured will draw if he enters upon a period of unemployment will be increased, and he is permitted also to increase his subsidiary earnings without imperilling his benefits from the insurance fund. The insurance benefits are substantially increased, as are also the allowable earnings. I thought the reason given by the honourable senator for the latter rather strange. His explanation, as appears in *Hansard* at page 902, is stated in the following words:

Furthermore, since the allowable earnings idea was first incorporated in the act, in 1955, experience has shown that the amount of earnings allowed should be higher if the claimant is to have adequate incentive to take on casual work.

In other words, if you raise the benefits, the claimant or the unemployed individual will be more eager to take on supplementary work or casual work. Well, in the light of

human experience I should think that almost the opposite would be the case. However, that is the explanation given.

As I have said, this act is a difficult act to administer. I will make this further statement—based, let me say at once, not on precise evidence that could be reported to this house, but on the general view one often hears expressed. There is no piece of legislation more abused in its administration than the Unemployment Insurance Act.

Hon. Mr. Pearson: Is it the abuse of the administration or the abuse by recipients that you mean?

Hon. Mr. Crerar: Well, of course, abuse by recipients. Who else could abuse it? Those who administer it could not very well abuse it.

Hon. Mr. Pearson: But you referred to its administration.

Hon. Mr. Crerar: If the administration is lax the recipient may be encouraged to abuse it. But what I was endeavouring to point out earlier was that because of its very nature this act is a very difficult act to administer justly and equitably to all concerned.

Now, as to the change in the benefit rates, let me give an example. Take the case of a carpenter who, in 1955, was earning $60 a week. The maximum benefit that he could get under the fund was $30 a week, but he was permitted to earn, in casual work, $13 a week. In other words, if he could not find work as a carpenter he could draw $30 a week and he could go out hoeing potatoes or cutting grass or do any subsidiary work and earn up to $13 a week without forfeiting his benefits. That gave him a total of $43 a week, or slightly over 71 per cent of his customary earnings as a carpenter.

Under the revision proposed in this bill the benefits are increased; and the reason given by the honourable senator who sponsored the bill is that wages have advanced since then and the carpenter now may be getting $70 a week. His benefits under this amending legislation will be $36 a week if he loses his employment as a carpenter, and he is permitted to earn subsidiary benefits of $18 a week, that is, by cutting grass, hoeing potatoes, or any other casual labour that he cares to undertake. This combination of benefits and his earnings from casual work will give him $54 a week before his benefits are put in jeopardy, and that is equal to 77 per cent of the weekly wage he received as a carpenter. In other words, under this legislation we are increasing substantially the range of benefits to the people who find themselves in unemployment.

That brings me to another point. The principle of insurance against employment is a sound principle, but have we not tended in recent years, and much more than ever in the last two years, to combine unemployment insurance with unemployment relief? The two should be kept absolutely and positively separate and distinct.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Crerar: I will give another illustration. Take a railway train conductor who retires at the age of 65. Since he is under a pension in virtue of his railway employment, he can commence drawing a pension from the railway company with which he served. But, he registers for employment. His work with the railway has been terminated under his contract of labour with the railway, but he still feels rather vigorous and immediately registers with the commission for new work. What work could be found for him? Perhaps something of a clerical nature, but no one wishes to employ in a clerical capacity a man who has reached 65 years, so that avenue is pretty well closed to him. He cannot qualify as, for instance, a plumber. He might qualify as a day labourer, but that is not the kind of employment he has been accustomed to. So the Unemployment Insurance Commission, after studying his case for some time, agrees he has a claim to benefits and he commences to draw them.

In that very aspect of the whole nature of the administration of this act, it seems to me, is one of the weaknesses of it. I would venture to say this to the house, that no one who is retired on a pension from a corporation, bank, or any other organization should be entitled to draw unemployment insurance for the full period that he might be able to get it, unless it could be demonstrated beyond peradventure that he was in sore need of help. Otherwise you will have this fund drained away, week after week, and you have a complete negation, or so it seems to me, of the insurance principle.

Hon. Mr. Roebuck: May I ask the honourable gentleman a question? Does he advocate the means test?

Hon. Mr. Crerar: No. I have said nothing about a means test, other than this, that after a man retires on a pension from his normal work he should not be eligible for benefits, excepting in very extraordinary circumstances—even this could be questioned—and I will give the house one reason for it. On the insurance principle I insure my house for three years. Over that period I pay premiums of, say, $30 or $40, and at the end of the three years I change my residence. It would

be just as sensible for me to go to the insurance company and say to it, "I have paid you $40 over the past three years for insurance, I have made no claims upon you, and therefore I want my payments back." No insurance principle on earth could live under that condition. My point is that when people pay into the Unemployment Insurance Fund there should be an appreciation on their part of what is involved in their doing so.

The bill before us extends the benefit period from 36 weeks to 52 weeks for the employee who has paid into the fund the amount which the act requires him to pay. I cannot see how such a provision will not substantially increase the claims on the fund and the payments that will have to be made out of it. That is of course recognized in the legislation; the employers and employees will have their contributions increased by 30 per cent, as I think the honourable gentleman who sponsored the bill told us in his explanation. These contributions may vary as between certain categories but, for the purpose of consideration here, we may say the increase will be about 30 per cent.

As I recall the figures given in the report of the commission at the end of the last calendar year, the number of workers in all categories then insured was about 4 million. I should think that of that 4 million it might reasonably be estimated that at least 75 per cent were in very little danger of unemployment. For example, they might be senior employees in transportation, operators of city buses, railway trains, and the like; they could be employees of banks. It is difficult to envisage employees of these organizations being laid off, except perhaps the most junior employees. So, of the whole range of employment in Canada, probably 75 per cent of those who make contributions to the fund will not, in the normal expectation, draw anything from it. But if they register for unemployment on their retirement at 65 years of age, and manage to impress the administration of the Unemployment Insurance Fund that they are entitled to insurance benefits, they may get them. This surely was not the intention when the legislation was first put upon our statute books.

Now what happens under this measure? So far as the 75 per cent of the contributors are concerned, their contributions are increased by 30 per cent.

Here is another interesting point—at least, it is clear to me from what I have been able to learn. These amendments are not popular with labour.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Crerar: I have yet to hear words from any leaders of labour—though they may have been said and I missed them—commending this legislation. I think the reason for the absence of that commendation is obvious, because the overwhelming majority of workers in all classes of employment who are paying into this fund know that their jobs are pretty secure and they are not likely to be in a position where they will have to call upon it. But these people are aware of the abuses that may creep into the administration of the fund. For instance, they may see a railway conductor—I am using him as an illustration again—who lives in, say, Calgary or Medicine Hat, and retires at the age of 65. He makes application and manages to get accepted for unemployment insurance benefits. That fact becomes known to all those with whom he has been working, and also to others who are still paying into the fund. They just cannot quite understand why their contributions should be increased now in order to pay unemployment benefits to a person who is retired on a pension of perhaps $200 to $250 a month. They just don't understand it.

There is another point that should be raised. The contributions of employers are increased equally with those of employees. When the act was first put on our statute books it provided that the employee and employer would each contribute 40 per cent, and the Government would contribute 20 per cent, and in addition it would bear all administrative expense of the Unemployment Insurance Commission.

Before I deal with the effect on employers, it might be of interest to the house if I gave some information as to the contributions required from the Government, or the taxpayers, of this country.

While the taxpayers are the people who put up the money, the Government is the agency through which it is distributed. The estimated cost of administration in the present fiscal year is in excess of $35 million. This is for the administrative costs of the commission, for the maintenance of its offices, not only in Ottawa, but elsewhere throughout the country.

In addition, the statutory contribution the Government will make covering the 20 per cent of its share of the fund will be $39,500,000. In other words, the total expense that has to be voted is over $74,750,000, and that, it is interesting to note, is just about $2 million in excess of what it was last year.

I want to deal for a moment or two with the effect upon employers. I think it is correct to say that the large employers of labour in this country, outside the railways, are found mainly in our exporting industries, such as the pulp and paper industry, the base

metal industry and agriculture, although agriculture does not employ so very much labour. Let us assume that a company in the exporting business, such as a pulp and paper company, earns $20 million a year gross profit. It may employ from 6,000 to 8,000 people, each of whom draw a good yearly wage. If that company's gross profits are $20 million, its tax is increased this year by the provisions of the recent budget by 3 per cent—1 per cent for old age security and 2 per cent for general purposes. That will put an additional tax burden of $600,000 on the company. If it employs, say, 6,000 people, then, on a rough estimate, I would say that the additional contributions it will be required to make under the amendments that we are considering now will be of the order of $125,000. So its expenses will be increased by $700,000 to $750,000.

Ordinarily, if this had been a few years ago, when demand was high, it would not have been so serious as it is today, but it is common knowledge that our export industries now are getting more and more into a difficult position through increasing competition from abroad. We have—and I am not going into any explanation of the reasons for it—reached a pretty high-cost economy in this country, and these companies engaged in the exporting business are concerned about their markets. Of course, the great need of this country is markets, and the companies are rightly concerned. The pulp and paper people are facing stronger competition in the markets outside Canada where they normally sell their products, than they have had at any time in the last 20 years. The base metal producers—the producers of copper, zinc, lead, nickel and uranium—if you wish to include it as a base metal—are facing the keenest kind of competition in the markets that they have normally had in the past. During only the past ten days the price of copper has been reduced by 1½ cents a pound.

Where does the competition come from? In pulp and paper it is coming from the Scandinavian countries, and there are signs of its coming also from Russia. Let us not make any mistake about it. These Scandinavians and Russians are just as competent to produce as we are in Canada; they are just as conscious of the need of having the very best equipment to carry on their operations, and they are able to invade markets which we normally have filled, because their costs are much lower than ours.

Then there is grain. We all know the position we are in, particularly with respect to our surpluses of wheat which in the past we have normally sold in the markets of the world, and we are facing competition there such as we have never faced before.

Now, I do hope I am wrong, but if my reasoning is not at fault these big exporting industries are going to find themselves in increasing trouble in regard to markets as the months go by, assuming that we maintain the uneasy peace in the world that we have today. If they do, will not unemployment commence to rise as workers are laid off and the effects are carried to the collateral industries? Unless we can maintain our vital foreign markets we are going to be placed in a position, I suggest, of very considerable difficulty. At a time like the present, when we are in this situation, it is very difficult to justify the increased imposts we are putting on these companies upon which so much of our economy vitally depends, and not only our economy but our employment figures as well.

Hon. Mr. Aseltine: What is your solution? Where are you going to get the money?

Hon. Mr. Crerar: My solution, so far as this bill is concerned, would be to reject it, to reject these amendments in their entirety.

Hon. Mr. Aseltine: Then, from where would you get the money to take care of unemployment?

Hon. Mr. Crerar: I would make another suggestion. I think the administration could be tightened up. My honourable friend waves his hand with—

Hon. Mr. Aseltine: That would save some money, but it would not provide the amount you are talking about.

Hon. Mr. Crerar: No, but let us get down to that. Let us cut out the people who draw unemployment insurance when they retire on pension at 65 years of age.

Hon. Mr. Horner: And many others.

Hon. Mr. Crerar: Yes, and perhaps many others, as the honourable senator from Blaine Lake (Hon. Mr. Horner) says. One of the difficulties in discussing this bill adequately is that we have not complete information on it. Certainly the bill should go to committee, but I am not pledging myself to support it when it comes back to this house for third reading.

The fund has been depleted from a maximum of nearly $900 million in 1954 to approximately $500 million at the present time. My contention is that these amendments, with the extension of the benefits, will not substantially improve the position of the fund if we get into any serious unemployment situation, and we have no guarantee that we

may not at some future date, perhaps not too far away, have a return of rather difficult conditions in this country. I have always believed that when things are prosperous and apparently going well, that is the time to make preperation for a period when things may not be quite so well. That is the essence of common sense, but I do not see that applied in this measure, for we are not only increasing the benefits, we are extending them to more people. I realize that the contributions are being increased, but we have yet to see by actual experience what the consequences of this legislation will be. For this reason I feel it is really a doubtful and unwise piece of legislation. It could well be that within a few years this fund would be insolvent, despite additional sources of revenue which the Government expects will be derived as a result of these amendments. What will happen then?

Hon. Mr. Aseltine: My honourable friend is in a pessimistic mood today.

Hon. Mr. Crerar: No, I can assure the honourable Leader of the Government that I am not.

Hon. Mr. Macdonald: A realistic mood.

Hon. Mr. Crerar: Yes, I try in these matters to be a realist. I am not in this respect criticizing the present Government. I have been a critic in this house more than once of the spending of the late Government, but I want to say that we cannot go on spending and spending. We should not go on with deficits just with a rosy expectation that things this year are going to be better than they were last year, and so on. I do not believe in the Coué philosophy. Honourable senators may recall that some 35 or 40 years ago a certain Professor Coué held the theory that if an individual only believed that every day in every way he was getting better and better, everything would be well with him. I do not believe that sort of nonsense.

Hon. Mr. Aseltine: Who does?

Hon. Mr. Crerar: I would like to put this question to the honourable Leader of the Government (Hon. Mr. Aseltine): If my pessimism unhappily should prove to be partially right, and if this fund should be drawn down, as it well might be, what will happen then?

Hon. Mr. Aseltine: What is my honourable friend going to do about it? What has he got to suggest?

Hon. Mr. Crerar: I have made some suggestions.

Hon. Mr. Aseltine: What are they?

Hon. Mr. Crerar: I would reject this bill, for one thing. If the revenues of the Minister of Finance fall a bit—and we know now he is in difficulty in the matter of borrowing from the public on long-term bonds—I say to the house that we have a right and a duty to consider these matters fully. The honourable leader asks me what my remedy is. I might reply that it is not my place to find a remedy and that the responsibility is that of the Government and of himself as Leader of the Government party in this house. It is our duty to point out the possible consequences that may develop from this legislation. I say that this house will fail in its responsibility if it does not weigh all these factors. We are putting an additional burden on our export industries and making it more difficult for them to compete in world markets. We are making it more likely that they will find rising unemployment in their ranks. We have put an additional burden, another 30 per cent, on the workers in these industries, and by doing so perhaps we will stir them to seek further wage increases. These are the positive results of this bill, and as far as I am concerned I am against the measure.

Hon. G. Percival Burchill: Honourable senators, I have just a few words to say, but I am not going to apologize for taking the time of the house, for I consider this unemployment insurance legislation to be extremely important to the industrial life of the nation.

The honourable senator from Churchill (Hon. Mr. Crerar) has made another interesting speech. He always says something worth while. Those of us who are engaged in industry are well aware of what he said about weaknesses in connection with the administration of this act. but those who are not in close contact with industry and employment probably do not realize just what is taking place in industry all across the country. I want to give full support to what the honourable gentleman from Churchill said about the competition Canadian exporters are facing today. My honourable colleague who introduced this bill (Hon. Mr. Emerson) knows how important the lumbering industry is to our little province of New Brunswick. He knows just how many of our people are dependent upon it. Perhaps our lumbering industry is a humble one when compared with the pulp and paper and base metal industries, but it is vitally important to our province. As a lumber exporter whose business is entirely dependent upon our export market to the United Kingdom, I would point out that this year, 1959, our prices have dropped by nearly $10 per thousand feet. This wipes out all profit and returns less than costs. This condition has resulted from competition with Scandinavian lumber. Mention has been made of Scandinavian pulp and paper, but in the early

months of 1959 competition from Finland and Russia caused a sudden drop in the price of our lumber of something like 8 pounds per standard, a standard being 1,980 superficial feet. At present exchange rates and freight costs this means we are obliged to accept about $8 to $10 less per thousand feet this year than in 1958. This has a very serious effect on the economy of New Brunswick. It supports entirely what the honourable senator from Churchill said as to the burden which this measure would put upon exporters, and that is a very important matter to Canada.

However, honourable senators, I rose particularly to compliment my honourable friend the senator from Toronto-Spadina (Hon. Mr. Croll) on the excellent contribution he made to this debate last Tuesday. I would urge those honourable members who were not present in the house at that time to read that speech. The honourable senator emphasized how far we have got off the track from the original thinking and planning when the Unemployment Insurance Act was first passed by Parliament. That legislation was adopted to ease a certain situation. It was a most worthy measure, and we all applauded it. But, as the honourable senator pointed out, it has been abused, and it is being used for an entirely different purpose today than that for which it was created. Instead of being used to help over a very difficult period by providing some relief to the worker whose job has ended, until another job is available, it has taken on an entirely different role in the industrial life of this country, and is looked upon as a pillar upon which to lean. In other words, it is used as an end rather than as a means.

My honourable friend the Leader of the Government (Hon. Mr. Aseltine) asked the honourable senator from Churchill (Hon. Mr. Crerar) today for a suggestion as to what can be done about this. Well, certainly we have got to begin to do something about it, for we all know how important unemployment insurance is in our communities. Indeed, what in the world would we do without it today in Canada? Those of us who live in small communities have some idea of the part unemployment insurance plays in keeping the ball rolling, so naturally we ask what are we going to do about it. Are we going to allow ourselves to drift and get farther away from the original purpose of the legislation? My suggestion to the honourable leader is that we should adopt the recommendation made by the executive committee of the Chamber of Commerce in its submission to the Industrial Relations Committee of the House of Commons, in which were pointed out several of the things that have been mentioned here this afternoon and which were mentioned last Tuesday by the honourable senator from Toronto-Spadina The executive committee of the Chamber of Commerce recommended very strongly the urgency for and desirability of appointment of a representative commission of inquiry to examine the operations of the act as to the sources of drain, coverage and financing. The suggestion that I make to the honourable leader is that we carry out that recommendation, in order to get back on the track which we have left during the past few years.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Emerson, bill referred to Standing Committee on Banking and Commerce.

CANADIAN FORCES SUPERANNUATION BILL

SECOND READING

Hon. George S. White moved the second reading of Bill C-62, respecting the superannuation of members of the Canadian Forces.

He said: Honourable senators, the purpose of this bill, which relates to an act entitled Canadian Forces Superannuation Act, is to revise and re-enact Part V of the Defence Services Pension Act. Part II of the bill contains some clauses making a few minor amendments to Parts I to IV of the Defence Services Pension Act, but does not make any material alterations to those parts.

Parts I to IV of the Defence Services Pension Act applies only to persons who were enrolled in the regular forces prior to March 31, 1946. Since very few officers and men were enrolled in the regular forces between the outbreak of World War II and the fall of 1946, in the main those parts only apply to pre-war officers and men of the regular forces. Part V of the act came into force on August 31, 1946, and applies to all officers and men enrolled in the regular forces since that date. It also covers those officers and men who were under Parts I to IV and who, in accordance with the provisions of Part V, elected to come under Part V.

Whilst there are differences between the pension scheme under Parts I to IV and Part V, they are, nevertheless, basically similar. The principal difference is that under Parts I to IV, officers contribute at the rate of 5 per cent instead of 6 per cent of their pay and allowances as is the case under Part V, and men do not contribute under Parts I to IV but are required to make the same contribution of 6 per cent of their pay and allowances under Part V as in the case of officers. However, the families of men who

are under Parts I to IV of the act have no protection upon the death of their husbands, whereas under the contributory scheme of Part V their families receive the same benefits as would the families of officers. Under both pension schemes the amount of the pension is one-fiftieth of average pay and allowances for each year of service. The average of pay and allowances under Parts I to IV is based on the last three years of service, while that under Part V is based on the average of the last six years.

As I have stated, the proposed bill leaves Parts I to IV of the Defence Services Pension Act substantially unchanged save for a few minor amendments. Part V, however, will be repealed and replaced by the proposed new act. In other words, all officers and men now under Part V of the Defence Services Pension Act will automatically become contributors under the new act. All of the rights which they now have under Part V will be preserved and they will also be able to take advantage of certain benefits contained in the new act. The principal purpose of the act is to correct certain anomalies, simplify the administration of the pension scheme and bring the regular forces pension plan into greater conformity with the Public Service Superannuation Act. In all important respects it will be the same as the proposed new R.C.M.P. Superannuation Act.

While retaining the basic pension scheme of Part V of the Defence Services Pension Act, the act does provide for the following important changes:

(a) Men who are granted commissions for a fixed term of service will cease to be contributors under the act; they will receive a gratuity under the act for their service as a man and a gratuity under deferred pay regulations in respect of their commissioned time. This will obviate the payment of pensions to relatively young men.

(b) Officers who are permitted to retire voluntarily and have 25 years regular force service will be eligible to receive a pension reduced by 5 per cent for each year under their retirement age.

(c) The maximum benefits payable to widows and children will be raised to those contained in the P.S.S.A., i.e., from a maximum of 75 per cent of the contributor's pension to 90 per cent.

(d) Only a return of contributions will be payable, except in the case of death or disability of the contributor, where he has served three years or less in the regular forces.

(e) Members of the forces to whom Parts I to IV of the present act now apply will be given one year in which to elect to come under the new statute. This will permit men under Parts I to IV to obtain protection for their families.

Honourable senators, if this bill is given second reading I will move that it be referred to the Banking and Commerce Committee, where you will find an opportunity of hearing from the very capable officers of the department the answers to any technical or other questions that you may wish to ask.

Hon. C. G. Power: Honourable senators, it is not my purpose to discuss the details of this legislation. As was pointed out by my honourable friend from Ottawa West (Hon. Mr. Connolly) in referring to the Public Service Superannuation Act a few days ago, it would take all the knowledge and the ability of a Philadelphia lawyer to understand that act and the Civil Service Superannuation Act. I should like to say to honourable senators that it will take all the ingenuity of barrack-room lawyers or sea lawyers—or, if the air force ever develops such types as ground attorneys or Bomarc barristers, it will take people of that ilk—to understand all the details of a bill of this character. But perhaps there is a matter of practice or regulation or policy to which it might be desirable to draw the attention of the Senate.

The Defence Services Pension Act provides for pensions after a comparatively short period of service and provides in many instances that persons benefiting by it may be retired at a comparatively early age. There are instances of men between the ages of 45 to 50 being retired with pensions approximating $6,000 to $7,000 a year, at a time when they have an opportunity of a very fruitful career before them. They might even become senators and have before them 35 years of very useful service to the community. That has been a ground of criticism of these national defence superannuation plans.

Some time ago, with all the righteousness at my disposal and with a zeal which I can only compare to that of my honourable friend from Churchill (Hon. Mr. Crerar) when he is seeking to trace down elusive items in the estimates in order to decrease expenditures, I was discussing this particular matter with a friend of mine and pointing out to him that this practice of retiring men at an early age was very extravagant and much to be condemned. I was quite vigorous about it, and I wanted to know who the blessed idiot was who had brought this policy in. "Well," he said, "the best thing you can possibly do is to ask him." I asked, "Where will I

find him?" He replied: "You had better ask yourself. You are the man who brought in this early retirement policy."

It has been the habit and custom of some of our senators to describe their early hardships and how they obtained success by hard work, struggling with the icy snows of the Prairies or overcoming difficulties in the woods of the Ottawa Valley and elsewhere, but few senators have ever made of this illustrious body a sort of confessional of their sins of commission in their earlier days. However, having become convinced that I was to some extent responsible for this very evil policy, I looked up *Hansard* to see what I had to say on the subject, and I find that on February 10, 1944 I was asked in the Commons, by a member there, this question:

In view of the recently reported retirement of a large number of high-ranking officers of the Royal Canadian Air Force, has he any statement to make to the house?

If I may be pardoned for reading one of my own speeches, this is what I said:

Mr. Power: My hon. friend was good enough to give me notice of the question. In reply I may say that there is a definite retirement policy in the Royal Canadian Air Force.

When the war broke out the R.C.A.F. was a small organization. It comprised a number of excellent officers who had done magnificent service in the last war. These men were the backbone of the R.C.A.F. development and expansion. The principal job of the R.C.A.F. during the first years of the war was the organization, development, expansion and administration of the air training plan. The plan has produced results and dividends far surpassing our own expectations and frustrating those of our enemies.

These officers, who gave of their time and experience to bring about those results, though comparatively young in years, were mainly too old to take an active operational part in this war. Besides, their experience, their prestige, their authority, made it necessary to retain them here or elsewhere in non-operational duties.

The rapid expansion of the joint air training plan, the western hemisphere operations and the overseas air force brought increased responsibilities and with these accelerated promotion. There are now many officers of comparatively high rank in our forces who have not seen operational service. They could not. But rapid promotion brings the penalty of early retirement, otherwise there would be stagnation at the top. The air war and the air force must be dynamic, not static.

The air training plan has reached its peak of development. From now on there will be contraction rather than expansion. The favourable war situation has brought about a shifting and contraction of our defensive home war establishments.

If all these men were retained in their positions or promoted right up to their full retiring age we might be faced with a thick ceiling, a bottle-neck at the top, comprised entirely of men who, through no fault of their own, have seen no active flying service overseas in this war. Now, after five years of war, we have at our disposal, overseas especially some younger men who have had actual fighting experience against the enemy in this war. More and more we are calling on overseas headquarters to send these men back to us.

If we are to encourage the initiative, the ambition of these young men, we must show them that there is room at the top, that the ceiling is not closing in, but that the upward path will be made clear for them.

This is the policy. There is no stigma, no reproach in retirement, but there is ruthless necessity if the R.C.A.F. is to continue during the war and after to be the young, virile, dynamic force which I am sure all Canada wishes it to be and has a right to expect from it in return for the sacrifices made on its behalf.

Mr. Sinclair:—

That is the Honourable James Sinclair.

—I wish to commend the minister for that answer.

So, Mr. Sinclair is guilty too.

The point I wish to make is, if there was some justification under the circumstances at that time—and I am not claiming there was—I cannot be sure that the same justification exists today. There was then a natural desire to reward, if you like, or to encourage these young men who had done the actual fighting overseas, to see to it that they had a chance to fulfil their ambition to get to the top. We were then faced with the prospect that men in their late forties and early fifties who occupied high positions in the air force would stay at the top for the next ten to twenty years, unless something was done about it.

But today the situation has changed. I refer to the armed services generally when I say that the positions occupied—speaking largely of officers—are of a purely administrative nature, and the work done is of a civilian character. It is difficult to understand why a man of 45 or 50 years of age, who is engaged in, say, a supply branch or personnel branch, should be forcibly retired at that age, and given a Government guarantee of a very substantial pension. This, it seems to me, is something that should be looked into by the Government. The policy is there, and I would doubt if a committee can do much about it. But as a matter of policy it should be looked into.

I recall cases that came to my attention immediately after the war where, by reason of the rapid acceleration and expansion of the air force, comparatively young men were entitled to receive on retirement pensions of twice the amount of the salaries they were getting when war broke out in 1939. That kind of thing happened, and I presume is to a certain extent happening now. It does seem a bit extraordinary that a man in his early or middle forties should retire after 20 years of service in the army, having had the benefit of the experience given him while in the service. For instance, an accountant who has served in that capacity in one of the

armed forces, can on retirement draw a pension of, let us say, $5,000 a year, and immediately go into a good firm of accountants where he can earn a substantial remuneration, largely because of the education and experience he had while in the armed service.

According to my understanding, the Public Service Superannuation Act requires that a man must reach the age of 65 before he is entitled to enjoy pension benefits.

Honourable senators, I am not making an issue of this question, but I am pointing to present practices and regulations which I think should be inquired into.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. White, bill referred to the Standing Committee on Banking and Commerce.

VETERANS' LAND BILL

SECOND READING

Hon. George S. White moved the second reading of Bill C-50, to amend the Veterans' Land Act.

He said: Honourable senators, this is a bill to amend the Veterans' Land Act, a piece of legislation which I am sure is well known to all honourable senators.

The settlement of veterans on land has been a form of rehabilitation used in this country on a number of occasions. An act somewhat similar to the present act was put into force after the First World War. The success of that measure was not all that was expected.

The present act, I think you will agree, has been outstandingly successful in enabling a large number of veterans to be rehabilitated as farmers. As the years have gone on it has become apparent that the original act might, with advantage, be further amended to enable veterans not primarily interested in farming and related occupations to secure assistance both financial and technical in the building of their homes.

In 1954, the present Part II of the act was added to enable the provision of home construction assistance. At the same time, it was recognized that price increases, which tended to make more difficult the acquisition of economical units of land were hampering, in some measure, the full benefit of the act.

In order to permit additional loans to full-time veteran farmers, the provisions of the act were extended by the addition of what is now Part III, which permits loans beyond those originally contemplated where additional amounts are required by veterans to extend or improve their properties in order to make them economically sound farm units

In addition to the proposed major change in the act, a number of lesser amendments, including some of an administrative nature, have also been put forward. These amendments propose to relate more closely the conditions with respect to the granting of farm improvement assistance under Part III of the act with respect to the maximum loan and the period of time for repayment, and will correspond more or less with the provisions of the Canadian Farm Loan Act.

The major amendment would allow a maximum loan under Part III of $20,000, less any outstanding indebtedness under Part I. The importance of this change is realized when one considers that the maximum Part III loan at present is $3,000. This much higher loan should enable a full-time veteran farmer to develop a well established enterprise under the act to one of sound economic proportions. The proposal to extend the repayment period to 30 years from the present 25-year maximum is consequent on the large increase in the total loan.

The purposes for which a loan under Part III may be used are extended by the proposed amendments to include the purchase of live stock and equipment and the refinancing of existing indebtedness.

There is also a proposal to increase the ratio of the loan to the security from the present 66⅔ per cent of the value of the real property to 75 per cent of the appraised value of the total security, including, as well as land and buildings, the value of basic herd live stock and farm equipment, although there are limitations on the percentage applicable to the latter two categories.

Perhaps I should point out that veteran farmers who are settled under this act have had, and will continue to have at their disposal, free of charge, the services of the very highly trained staff of the Veterans' Land Administration. The assistance provided by the advisers ensures that the veterans' credit needs are accurately assessed before any loan is made.

During the latter part of 1957 and 1958 the Veterans' Land Administration conducted a very intensive individual survey of progress made and future credit requirements among a cross-section of 5,000 full-time farmer settlers. The survey showed that the net worth of these V.L.A. farmers, including their conditional grant as if it had been earned, was $5,376 at the time of settlement, and that this had increased during an average of nine years since settlement to $13,486, or by approximately $900 a year. This survey of the cross-section of 5,000 V.L.A. farmers would indicate that the total credit requirements of

the 22,000 farmers remaining after 8,000 had paid up and taken title, would be as follows:

Approximately	20%	require	under $5,000
"	30 "	"	$5,000 to $10,000
"	30 "	"	$10,000 to $15,000
"	14 "	"	$15,000 to $20,000
"	5 "	"	$20,000 to $25,000
"	1 "	"	over $25,000

These figures include outstanding balances owing to the director averaging $2,219 and outside debts averaging $857, of which all of the former and most of the latter would be included in the $20,000 maximum of this bill which provides for the consolidation of debts.

Since Part III was added to the act in 1954, only 4,257 full-time farmers have as yet taken advantage of this opportunity to secure additional loans, the total additional loans to those farmers being $8,158,104. We believe that this small number is due to the fact that $3,000 is not nearly enough to buy a good parcel of farm land as it comes on the market. Furthermore, the loan is not now available for live stock and equipment, but must be used for the purchase of land and the making of improvements. The Veterans' Land Administration estimate all new full-time farmer settlement at an average of 500 over the next four years, or 2,000 in all. By that time many more will have taken title.

The account I have just given refers particularly to full-time veteran farmers. There is, in addition, a further proposal in this bill that would increase the maximum loan available under Part III to small holders and commercial fishermen from $1,400, as at present, to $3,000. There is a proviso that the veteran will contribute $1 for each $3 of loan rather than the present ratio of $1 for each $2 advanced.

When Part II of the act came into force in 1954 it was provided that the director could advance $8,000 on behalf of an eligible veteran for the construction of his home. Since that limit was set the cost of land and construction has continued to increase. The present limitation has been found in a number of instances to have caused veterans to defer plans for building their homes. This bill, accordingly, proposes that the maximum amount that the director may advance under Part II be increased from $8,000 to $10,000. Honourable senators will remember that they recently considered an amendment to the War Service Grants Act which extended the period during which re-establishment credit would be made available to veterans. Benefits under the Veterans' Land Act and re-establishment credit are considered as alternative rehabilitation benefits. It is accordingly considered appropriate that the period during which a veteran may obtain a certificate of qualification under Part I of this act be the same as the period within which he may use his credits. The period proposed in each instance will end on September 30, 1962 for veterans of World War II. For those who saw saw service during the action in Korea the time limit will expire fifteen years after they were discharged from that period of service, which, in most instances, will be in 1968.

There are a number of other proposals which are not of such general application as those which I have already outlined. For example, it is proposed to remove the existing restriction that the director may not purchase land where commissions are payable in connection with the transaction. Also, it has been found that there are a small group of veterans who are now excluded from the benefits of the act. These are veterans who have received university training allowances under the Veterans Rehabilitation Act for a period of more than nine months. This bill proposes that they be granted eligibility for home construction under Part II. This will enable them to benefit from expert technical advice and to receive financial assistance during the course of construction of their homes. The act at present contains a provision that a veteran may not secure a Part III loan if he is indebted to the director.

The bill proposes that, with the approval of the minister, such a veteran who is in default under a Part I contract, or who is indebted in respect of any loan under the Veterans Business and Professional Loans Act, may be granted a loan under Part III.

The other amendments which are proposed by the bill are largely of an administrative nature. It may interest honourable senators if I give a few figures. The total number of veterans settled to date is 76,875. The number of veterans who have repaid in full and taken their title is 15,519. The number of veterans who have earned their grant is 25,112. It is further very interesting to know that the total number of veterans who have had their contracts completely rescinded for non-compliance is the small number of 182 out of a total of 76,875 veterans settled.

The total expenditure for all purposes to date is $382 million. The total amount collected to date is $113,097,000. The average amount collected each year is slightly over $21 million. Of those in arrears for one year and under two years, the number is 126,000; over two years and under three years, 11,000.

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Honourable senators, if this bill receives second reading I shall propose that it be referred to the Standing Committee on Banking and Commerce. May I point out that the Legion appeared before the Veterans' Affairs Committee of the House of Commons and endorsed the bill in every way. It had the complete approval of the Veterans Affairs Committee of the House of Commons, and the approval of all parties when it passed in that house.

Hon. W. Ross Macdonald: Honourable senators, I am in complete accord with the principle of this bill. It is very interesting to hear of the successes with which those who have taken advantage of the bill in the past have carried on their operations. The number who have entirely surrendered their property is very small compared with the number who have taken advantage of the act. It would also appear that the number in default is comparatively small. No doubt we shall be able to find out in committee to what extent those who are in default have not been able to keep up with the terms of the contract. When the bill is put into effect it will enable a veteran to borrow up to $20,000 on a farm. A mortgage of $20,000 on a farm is no mean amount, and I suppose it will take at least 30 years to pay it back from the profits farmers are said to be making these days. All I can say is that I hope the years ahead will be more prosperous for them than the years just past have been. Provision is also made for increasing from $8,000 to $10,000 the amount of mortgage allowed on a private dwelling. That does not seem to be a large mortgage today, but not so long ago it was considered to be a large one. Times are changing, and apparently a mortgage of $10,000 on a four- or five-room house is considered a small one today. I admire the courage of young couples taking on such obligations, and I trust that all of them will be able to fulfil their obligations.

I am glad that the bill is going to committee, where no doubt we shall obtain detailed information.

Hon. Austin C. Taylor (Westmorland): Honourable senators, it is not my intention to cover what has already been said by the sponsor of the bill (Hon. Mr. White) and by my honourable leader (Hon. Mr. Macdonald), but I feel it is my duty to make a few comments on the amendments now before us.

I take pleasure in saying that in my opinion our Veterans' Land Act is the finest legislation of its kind in existence. From studying these amendments I would say that most, if not all of them, will, in the light of present-day conditions, bring about an improvement in the administration of the act.

I believe the sponsor said that the maximum financial assistance available under the act is being increased from $3,000 to $20,000. I examined the various statutes and it is my belief that the act of 1953-54 discloses a minimum of $9,000. I may be incorrect in that, but that is my impression. Part III of the bill increases the maximum financial assistance available under the act from $9,000 to $20,000, less any amount that may be loaned under Part I of the act.

It has been suggested that $20,000 is a large amount. I think honourable senators are aware that the Senate's Special Committee on Land Use has devoted its full energies this session to the study of the small farm problem. As I see it, this is one of the key problems facing agriculture today. As a result of shortage of farm labour, increased mechanization of farms, and so on, we find the small farm cannot carry out a profitable operation today. As a result many good young farmers on small farms, who have been labouring under these circumstances during the last eight to ten years and who have been caught in a price squeeze, are not in a position to purchase land unless they get help from some other source. In my opinion a mortgage of $20,000 on a farm is not too large if a farmer is to have an economic unit today, depending on the type of agriculture he intends to go into. The maximum amount will not be used in every instance, of course, but the act will make it available to those who require it. I think that is all to the good.

Section 6 of the bill provides that a veteran who has purchased a property may, with respect to the same property, enter into a new contract on a civilian purchase basis. I do not know the reason for this. In my opinion he is still a veteran and should be eligible to receive any preference a veteran may be entitled to. However, there may be terms and conditions under the Veterans' Land Act he may not be able to live up to, and I suppose the provision is put in for that reason.

I am also glad to know that the interest rate is not being changed and that it will remain at 5 per cent. I think most honourable senators received in the last day or two copies of Veterans' Land Act Administration booklets entitled *A Decade of In-Service Staff Training* and *Production-Line Farming*. These publications portray the magnitude of the administration of the Veterans' Land Act. I do not think that the service being rendered to the veterans of Canada under this act has a parallel anywhere else in the world. Complete financial and scientific advice on farming practices is available to all veterans, and you do not find departmental employees chasing the veteran every month to demand some kind of payment. I should like to pay

tribute to the administrators and to every member of the staff of the Veterans' Land Act for a splendid job. In my area I do not know of a single failure under the act, and those who have successfully carried on operations under its terms and conditions are most happy about it. They speak highly of their association with all staff members.

I am not going to repeat what the sponsor of the bill has said, but there is one thing I should point out. Up to the end of 1958 there was collected in excess of the amounts due the sum of $5,319,000.

Hon. John J. Connolly (Ottawa West): Prepayments?

Hon. Mr. Taylor (Westmorland): Prepayments more than was due; and the amount overdue was not anything much. This will indicate the degree of success that the Veterans' Land Act has had. I give large credit to the very fact that not only has there been supervision in the matter of the purchase of land suitable for the farming that the veterans want to carry out, but advice has been given all down the line, even to the keeping of accounts and bookkeeping details, which have all been supplied by the Veterans' Land Act.

Honourable senators, I repeat that I think this is a wonderful act. So far as these amendments are concerned, I concur in them, because I believe they meet the needs under present conditions that were not existent a few years ago.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. White, bill referred to the Standing Committee on Banking and Commerce.

ROYAL CANADIAN MOUNTED POLICE SUPERANNUATION BILL

SECOND READING

Hon. George S. White moved the second reading of Bill C-57, respecting the superannuation of members of the Royal Canadian Mounted Police.

He said: Honourable senators, the purpose of this bill is to provide a separate statute relating to pensions for members of the R.C.M.P. Bill C-34, respecting the Royal Canadian Mounted Police, which was called and allowed to stand, is another bill dealing with the administration, discipline, and things of that nature, of the R.C.M.P. It is also the purpose of Bill C-57 to bring Part V of the act more closely in line with the provisions of the Public Service Superannuation Act and the bill which has just received second reading dealing with pensions for members of the armed services.

The only new feature affecting members serving under Parts II and III, apart from an additional opportunity being afforded them to elect to have all their service count under Part V, is the provision that they may receive disability pensions for injuries sustained on duty as well as their service pensions. With the continuation of similar provisions now in Part V, sections 27 and 36 of the new bill will take care of all the cases we know where hardship results from disability which did not occasion retirement, and also assist those former members who sustained disabilities and are in receipt of very small service pensions.

It is particularly important that we take care of a number of additional cases where definite hardship is being caused at present. For example, it is desired to permit certain members of the British Columbia Provincial Police to count war service in imperial forces, which is not allowed at present, and which they could have counted had they continued serving in the British Columbia Force.

Secondly, at present a member is required to serve out his full term of engagement, even though he may have completed full pensionable service.

Thirdly, at present a member of the force must serve ten years in the force before becoming eligible for a disability pension. This bill would permit a pension after only ten years' pensionable service.

Fourthly, a member reaching the age limit for his rank with less than 20 years' service in the force cannot receive a pension. This applies to some transferees from provincial forces. It is proposed that ten years' service in the force should qualify him for a service pension on reaching the retirement age.

In addition, there are certain anomalies, for example:

(a) A member discharged for misconduct with between 20 and 25 years of service may receive a larger pension than one retiring voluntarily with the same length of service, by virtue of section 97(c) of the present act.

(b) There is no flexibility at present with regard to pensions on retirement for misconduct. A member so retired with between 10 and 20 years of service must receive either two-thirds of the normal pension or nothing. This bill would permit him anything up to a full pension at the discretion of the Treasury Board.

(c) At present, under Part V, a commissioned officer cannot retire voluntarily, even though he may have completed 35 years of pensionable service. He must be

compulsorily retired. It is intended to permit such an officer to receive a pension when he has completed 35 years' service or attained his retirement age.

The equalization of pension provisions for members of the force with those available to public servants will be achieved in the following respects:

(a) It is intended that pensions in future be granted as a matter of right to conform with new concepts. Now they are at the discretion of the Governor in Council.

(b) The Public Service Superannuation Act provides for deferred annuities. The maximum period of pensionable service in the force is 35 years and, in the past, if a member retired voluntarily with under 20 years of service he could receive only the return of his contributions. This bill provides for either the return of contributions or a deferred annuity to commence at age 60, unless the member became disabled, when he could receive an immediate annuity, or, if he died, his widow would receive a pension.

(c) The Public Service Superannuation Act provides for the payment of the residual amount of pension contributions to the estate of a member following the death of his widow and after his children have reached 18 years of age. This bill includes the same provision.

It may be stated briefly that this legislation is intended to accomplish the modernization of the pension provisions applicable to the R.C.M.P. and to bring them into line with those available to the public service and to the Canadian Armed Forces.

There is also the point that, under this bill, in computing the amount of the pension the best six years of service are to count instead of the last six.

The bill also provides for reopening Part V for election for various types of service upon payment for such service with interest and with or without penalties.

Maximum allowances for widow and children combined are increased from 75 per cent to 90 per cent of pension the deceased husband might have received for his years of service.

Hon. John J. Connolly (Ottawa West): Honourable senators, at this late hour I do not propose to detain the house for more than a few minutes in connection with this legislation. Again, I would make a plea in connection with pension legislation, that some time we might, perhaps even in a select committee of this chamber, look at the draughtsmanship of some of this type of legislation. We all know the people who benefit from this legislation are not lawyers. They depend upon themselves to know the rights they are given under the legislation and for the interpretation of the legislation. I think that if we could find some feasible way of simplifying the provisions of these pension acts so that the people to whom they apply can easily understand them, we would be doing a very fine public service. This applies not only to the Defence Services Pension Act and Royal Canadian Mounted Police Superannuation Act, but as well to the Public Service Superannuation Act.

The honourable gentleman who explained the bill (Hon. Mr. White) has done so very well. I think there are a good many more things done by this legislation than are normally done by bills which come before us. A great many details are to be changed by this measure, and only in committee can we examine them.

One of the things the honourable senator mentioned was that the discretionary power to grant or withhold a pension is to be abolished. Pensions are to be granted as of right. I think that is fair, because after a man has spent many years of service in a force, even if something unfortunate has happened to him in the latter part of his career, it seems unfair that, at the discretion of some functionary, he should lose his pension rights and perhaps see his family suffer.

When we have amendments to the Public Service Superannuation Act we hear from representatives of the groups that speak for the public service. We seldom hear any representations from members of the armed forces or from people speaking on their behalf when their pension rights are being changed. I don't suppose we could expect to hear from representatives of the Royal Canadian Mounted Police in respect of this bill. There may be some value in thinking that these people who have a right to the pensions should have a right to say something about the way in which we change them.

Hon. Mr. Brunt: Why should we not hear them?

Hon. Mr. Connolly (Ottawa West): I do not think there is any reason in the world why we should not, but the disciplinary element in these forces is something that does not make it very easy for the members of the force to come before a body like ours or a committee of the other place to make representations. Perhaps we could make it clear even on this occasion that if they desire to come it would be appropriate for them to come. It would be a very democratic thing. It might be making more work for ourselves but we would be doing a service to the force.

I am glad that the bill is to be referred to committee.

Hon. Arthur W. Roebuck: Honourable senators, the honourable senator from Ottawa West (Hon. Mr. Connolly) has commended the clause in the bill which provides that pensions are to be granted as a right and I would like to join in the commendation. It is most suitable that men who receive a pension of this kind, which they have earned after long service, should feel independent and courageous, free to express their minds, take their place in politics and the rest of it, without fear of injuring themselves and their families financially.

I would like to ask the sponsor of the bill (Hon. Mr. White) if any representations have been received from members of the forces or associations representing the forces with regard to clause (h) of section 21, which gives the Governor in Council power to make regulations. It reads as follows:

21. (1) The Governor in Council may make regulations,

(h) specifying, notwithstanding anything in this Part, the extent to which and the circumstances under which any annuity, annual allowance or pension payable under this Part or Part II, III or V of the former Act to a person who holds any office or position or performs any services the remuneration for which is payable out of the Consolidated Revenue Fund or by an agent of Her Majesty in right of Canada shall be reduced or suspended.

As I read that clause it means that any recipient of a pension who accepts a position the remuneration for which comes from the Consolidated Revenue Fund or from any of the various Crown companies, is subject entirely to order in council with regard to his pension, which "shall be reduced or suspended". That is to say, the principle which my friend and I commended is set aside when any pensioner accepts a position from the Crown, either directly, so that his pay comes from the Consolidated Revenue Fund, or indirectly when hired by a Crown company. He then is liable to have his pension cancelled or reduced by order in council.

I would like to know if any representations have been made to the Government in connection with that clause. If not, are steps now contemplated that will bring to the attention of the pensioners under this act the provisions of that clause, and the opportunity which they have to come before us and protest?

Hon. Mr. White: In answering the honourable senator I would point out that this is not a new section. This is a copy of what is in the act. I am afraid I cannot answer the question as to whether or not any representations have been made, but I will see that the information is obtained and given at the first hearing before the committee.

Hon. Mr. Roebuck: Would my friend go a little further than that and discover whether or not there is any association or group of representatives of these men to whose attention this matter could be called so that they may appear before us when this bill is considered by committee? If that were done I think perhaps the study would be properly made.

My honourable friend says that the clause I read is in the present act. But the principle with regard to these pensions is being changed in this bill so as to make them receivable as of right rather than by grace, and that principle has not been recognized in this clause.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. White, bill referred to Standing Committee on Banking and Commerce.

ADJOURNMENT

Leave having been given to revert to motions:

Hon. Mr. Aseltine: Honourable senators, with leave, I move that when the Senate adjourns today it stand adjourned until Tuesday, July 7, at 3 p.m.

It is necessary for the house to meet at 3 o'clock in the afternoon because the Standing Committee on Banking and Commerce will be meeting in the evening.

Motion agreed to.

COMMITTEE MEETING

On the motion to adjourn:

Hon. Mr. Aseltine: I would like to remind honourable senators that the Standing Committee on Canadian Trade Relations is meeting tomorrow morning at 10.30 to consider the International Wheat Agreement, which was referred to it. I hope there will be a full attendance of committee members, and I invite any honourable senator who is not a member of the committee and is able to attend tomorrow to be present and take part in the discussion.

The Senate adjourned until Tuesday, July 7, at 3 p.m.

THE SENATE

Tuesday, July 7, 1959

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

Prayers.

CRIMINAL CODE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-58, to amend the Criminal Code.

Bill read first time.

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

Hon. W. M. Aseltine: Next sitting.

COAL PRODUCTION ASSISTANCE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-68, to amend the Maritime Coal Production Assistance Act and to authorize certain amendments to the agreement made under that act with Dominion Coal Company, Limited.

Bill read first time.

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

Hon. W. M. Aseltine: Next sitting.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following documents:

Report of the Department of External Affairs for the year ended December 31, 1958, pursuant to section 6 of the Department of External Affairs Act, Chapter 68, R.S. 1952. (English and French texts).

Capital budget of the Northern Canada Power Commission for the fiscal year ending March 31, 1960, as approved by Order in Council P.C. 1959-786, dated June 22, 1959, copy of which is annexed thereto, pursuant to section 80(2) of the Financial Administration Act, Chapter 116, R.S. 1952. (English text).

INTERNATIONAL WHEAT AGREEMENT

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Gray Turgeon, Acting Chairman of the Standing Committee on Canadian Trade Relations, presented the committee's report.

The report was read by the Clerk Assistant:

The Standing Committee on Canadian Trade Relations, to whom was referred the proposed resolution for approval of the International Wheat Agreement opened for signature at Washington, D.C., on April 6, 1959, report as follows:

Your committee recommend that authority be granted for the printing of 800 copies in English and 200 copies in French of their proceedings on the said proposed resolution.

The Hon. the Speaker: Honourable senators, when shall this report be considered?

Hon. Mr. Turgeon: I move that the report be adopted now.

Motion agreed to.

REPORT OF COMMITTEE

Hon. Mr. Turgeon presented the report of the Standing Committee on Canadian Trade Relations on the proposed resolution for approval of the International Wheat Agreement, and moved that the same be tabled.

The report was read by the Clerk Assistant:

The Standing Committee on Canadian Trade Relations, to whom was referred the proposed resolution for approval of the International Wheat Agreement opened for signature at Washington, D.C., on April 6, 1959, a copy of which is annexed hereto, have, in obedience to the order of reference of July 1, 1959, considered the said proposed resolution and now report recommending it to the favourable consideration of the Senate.

Motion agreed to.

The Hon. the Speaker: Ordered that the report be tabled.

RESOLUTION OF APPROVAL

The Hon. the Speaker: The question is now on the proposed resolution moved by the Honourable Senator Aseltine, seconded by the Honourable Senator Brunt:

Resolved: That it is expedient that the Houses of Parliament do approve the International Wheat Agreement opened for signature at Washington, D.C., on April 6, 1959, and that this house do approve the same.

Hon. Senators: Carried.

Resolution adopted.

ROYAL VISIT

PRINTING OF SPEECHES OF HER MAJESTY IN HANSARD AND MINUTES

Hon. Mr. Aseltine: Honourable senators, with leave of the Senate, I would like to suggest that the speeches delivered by Her Majesty the Queen in Ottawa on July 1, 1959, one to the nation by television, and the other at the dedication and unveiling of the Commonwealth Air Forces Memorial, be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings* of the Senate for today and form part of the permanent record of this house. I would

ask the honourable Leader of the Opposition (Hon. Mr. Macdonald) to join me in this suggestion.

Hon. Mr. Macdonald: I am very glad to do so.

Hon. Senators: Agreed.

The Hon. the Speaker: Ordered accordingly.

For text of speeches see appendix to today's Hansard, *pp. 972-3.*

CONVENTION ON NATIONALITY OF MARRIED WOMEN

On the notice of motion by Hon. Mr. Aseltine:

Resolved: That it is expedient that the Houses of Parliament approve the Convention on the Nationality of Married Women, done at New York on February 20, 1957, and that this house do approve the same.

Hon. Mr. Macdonald: Honourable senators, may I ask the Leader of the Government (Hon. Mr. Aseltine) if it is expected that this motion will be proceeded with during the present session? We have waited for it a very long time. The women members of the Senate have, I think, been very patient.

Hon. W. M. Aseltine: I agree, and I appreciate their patience and indulgence very much. If honourable senators will read the remarks under the heading "Business of the House" in yesterday's House of Commons *Hansard* they will find that this motion was expected to be debated over there today. If it is dealt with in the Commons today we shall be able to proceed with it tomorrow or the next day.

THE HON. THE SPEAKER

FELICITATIONS ON ELECTION AS PRESIDENT OF NATIONAL COUNCIL OF FRENCH CULTURAL UNION

On the Orders of the Day:

Hon. Cyrille Vaillancourt: Honourable senators, before the Orders of the Day are called I would like to take the opportunity on behalf of myself and my colleagues to extend our congratulations to our Speaker, the Honourable Mark R. Drouin, on his election as President of the National Council of the French Cultural Union. On the occasion of his receiving this honour he delivered a very fine speech, which met with much appreciation.

I present our very best wishes to His Honour the Speaker.

The Hon. the Speaker: Honourable senators, needless to say, I would much rather be Speaker of the Senate than President of the National Council of the French Cultural Union, but I was pleased to accept the honour that was bestowed on me in Montreal. I did my best to represent the Senate, as I always do when I attend such functions or accept honours which are conferred on me, not as a person, but really because I am Speaker of the Senate. On such occasions I never fail to insist that any laudatory remarks made about me are not so much addressed to my person but in fact to you, ladies and gentlemen, as a body.

Thank you very much.

PUBLIC SERVICE PENSION ADJUSTMENT BILL

THIRD READING

Hon. George S. White moved the third reading of Bill C-60, respecting the adjustment of certain public service pensions.

Motion agreed to and bill read third time and passed.

FARM IMPROVEMENT LOANS BILL

THIRD READING

Hon. Arthur M. Pearson moved the third reading of Bill C-63, to amend the Farm Improvement Loans Act.

Motion agreed to and bill read third time and passed.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

THIRD READING

Hon. W. M. Aseltine moved the third reading of Bill C-61, to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System for the period from the 1st day of January, 1959 to the 30th day of June, 1960, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railways Company.

Motion agreed to and bill read third time and passed.

ROYAL CANADIAN MOUNTED POLICE BILL

SECOND READING

Hon. George S. White moved the second reading of Bill C-34, respecting the Royal Canadian Mounted Police.

He said: Honourable senators, this is a bill to revise and consolidate the provisions of the present Royal Canadian Mounted Police Act, as it relates to matters of administration and discipline.

At the last sitting of the Senate Bill C-57, respecting the superannuation of members

of the Royal Canadian Mounted Police, was given second reading and referred to committee.

The bill now before us has 50-odd clauses, of which 38 are from the present act and 16 are new. I wish to run over the proposed amendments very briefly, and if at the end of the debate on second reading it is the wish of honourable senators that the bill be sent to a committee, I shall be glad to so move.

Under clause 2 (a) of the bill the word "Commissioner" is now defined, and the method of appointment of the Commissioner is provided for in clause 5.

Clause 6 (1)(c) of the bill adds the new commissioned rank of "Chief Superintendent".

Clause 8 provides for issuance of a certificate for the purpose of facilitating the identification and standing of an officer before the courts.

Clause 11 would regularize the employment of the 1,121 civil servants appointed under the Civil Service Act who are now serving with the force. Subclause 2 would permit the Commissioner to employ temporary civilian employees, as he has done in the past.

Clause 23(3)(b) would extend the present uses of the Benefit Trust Fund to include the making of loans to needy members of the force.

Hon. Mr. Macdonald: To whom were they limited previously?

Hon. Mr. White: I am advised that no loans were made before. These loans are made more or less on compassionate grounds in cases where there has been an accident or sickness, or where there is a widow or children. I understand they are rather small. Two hundred dollars, I believe, or something like that, is the limit of the loan.

Clause 24 is new. The Attorney General of a province has authority in regard to the disposition of abandoned property, and this clause permits the Commissioner to dispose of unclaimed property in the Northwest Territories.

Clause 25 sets out in full a list of all the major service offences, and prescribes who is entitled to try the offenders.

Hon. Mr. Macdonald: Is that new?

Hon. Mr. White: Part of it is new.

Hon. Mr. Taylor (Norfolk): Which section is that?

Hon. Mr. White: Clause 25. It sets out in detail all the major offences. The minor offences are set out in the regulations.

Clause 27(1) provides for suspension from duty, and that is new to the R.C.M.P. Act. By paragraph (b) of that clause a regular member of the force may be arrested by any other regular member of higher rank, and any civilian member may be arrested by any regular uniformed member.

Clause 28, which is new, limits the time that a member of the force may be held in custody awaiting trial for a disciplinary offence. I am advised that at present there is no limit on the time a member of the force may be held in custody without being brought to trial.

Clause 33 gives instructions concerning charges. At present such instructions are contained only in the Standing Orders of the Commissioner. Under this clause an accused will be entitled to have full particulars of the charge or charges which he is to face.

Clause 36 (2) (b) provides for a fine not exceeding $300 if dismissal from the force is recommended. I will explain the reason for this heavy penalty. In joining the Royal Canadian Mounted Police the recruit has to sign on for a period of five years. If he wishes to retire before his period of service is completed he has to buy himself out for the sum of $125, or at the rate of $5 a month for each month of his unexpired term. The amount of this fine is set with the view of preventing a constable from deliberately making himself objectionable or committing some offence in order to be dismissed from the force.

The purpose of clause 38 is to make clear that a recommendation for dismissal following conviction is not part of the penalty imposed.

Clause 39 provides where a convicted person is to carry out his term of imprisonment. At the present time this provision is to be found only in the regulations, and the officers of the Crown felt it should be incorporated into the statute.

Clause 40 provides for trial of an accused member of the force in Canada or out of Canada. Today fairly large numbers of the force are located outside Canada, in various parts of the commonwealth and in foreign countries. Extraterritorial jurisdiction is now included in the National Defence Act, Chapter 184, Revised Statutes of Canada, 1952.

Clause 41 sets out the procedure to be followed in the event of an appeal. Up to the present time the procedure has been prescribed by regulation.

Clause 43 is new. It creates a Board of Review to deal with appeals. I am advised that the chief reason for appointing a Board of Review is to take some of the responsibility of determining appeals off the Commissioner.

Clause 50 is new. It states that a person who acts in contempt of a service court is guilty of an offence punishable on summary conviction.

Clause 51 provides for a penalty which corresponds with the penalty following summary conviction under the Criminal Code.

By clause 53 members of the force are Crown officers or Crown agents. This establishes the relationship of master and servant for the purposes of liability in tort under the Crown Liability Act, Statutes of Canada, 1952-53, Chapter 30.

The bill is not complicated, honourable senators. As I mentioned before, if it is the wish of the chamber, after the debate is concluded, to have the bill sent to committee, I will be very glad to so move.

Hon. John J. Connolly (Ottawa West): Honourable senators, the provisions of this measure commend themselves to me a great deal more than the provisions of the measure we discussed on Thursday last dealing with pensions for the members of the Royal Canadian Mounted Police. As the honourable senator who explained it so well (Hon. Mr. White) has indicated, this is a very easily understood piece of legislation. It is a simplification of the existing act, and I think it commends itself to the judgment of all honourable senators.

The act being repealed has some 115 sections. Part of it deals with matters covered by this bill, and part of it with pension problems covered by the legislation which was passed on Thursday last. I think there is some merit in divorcing these two subjects, because pensions are something of their own order and should be in a separate piece of legislation. I cannot help saying that I wish the pension legislation was as carefully and clearly drawn as is this.

This measure contains 54 sections, grouped under these three headings: the constitution and organization of the force, the disciplinary provisions in respect of the force, and, finally, some general provisions which are to be found in the existing legislation and are now being brought up to date.

I do notice that some details are eliminated from this bill. Perhaps this is appropriate, but I would think it might be helpful to have the bill sent to committee so that some of the questions relating to these details could be answered by the officials concerned. For example, under section 17 of the present act a constable of the R.C.M.P. is prohibited from entering a wigwam for certain purposes unless accompanied by a commissioned officer. I suppose there is an historic reason for that section, and I am wondering why it was eliminated. Perhaps it could be covered by regulations.

I also notice that section 19 of the bill provides that, unless authorized by the Governor in Council, members shall not be charged with any duties under or in connection with any municipal bylaw. The existing legislation provides an exception to the provision, in that it does not apply to the Yukon Territory. Perhaps this too can be covered by regulation, and I would like to know whether that is the intention.

Section 24(1) of the present act regulates certain types of billeting. For example, it is permissible to billet members of the force under certain circumstances in certain buildings. Subsection (2) provides there shall not be billeting in a "nunnery or convent". I suppose again there is an historic reason for this section in the existing act, and I wonder what is proposed to be done about it.

I would draw the attention of honourable senators particularly to section 34 of the bill, which deals with trials, and to section 43, which deals with appeals. Section 34 provides that a member of the force who is charged with any offence may be represented and assisted at this trial. But the assistance is to be provided by another member of the force. This is similar to a provision formerly contained in various pieces of legislation affecting the armed services. During the war it was found that many members of the armed services had legal training, and latterly almost all representation given to members of the armed forces charged with an offence was given by volunteer members of the forces who had been trained as lawyers. I think the result was, with all due deference to the honourable senator from Blaine Lake (Hon. Mr. Horner), that the trials were conducted in a more satisfactory way than they would have been, had the old rules been applied. I know that this does not apply in the case of the Royal Canadian Mounted Police. It might be of benefit to the R.C.M.P. if a few persons with legal training were to volunteer for membership in the force, but I think it is unlikely that this will happen. I wonder, therefore, in certain cases, particularly where serious, major service charges have been levied against members of the force, if they should not have the opportunity of being represented by properly trained legal counsel at their trials.

As to provisions in respect of appeals, I have this to say. The appeal which is proposed to be allowed under this bill is an appeal to the Commissioner. The appeal itself is heard by a Board of Review set up pursuant to provisions of section 43 of the bill. The Board of Review is to be appointed by the minister and will consist of a Deputy Commissioner or an Assistant Commissioner and two officials of or above the rank of

Superintendent. It is provided that after the board has reviewed a trial which has been, of course, held before a member of the Force, the Commissioner may "quash the conviction, dismiss the appeal, reduce the sentence or order a new trial". Presumably he would be acting pursuant to the recommendations of the Board of Review and would not hold a hearing of his own or a further hearing after that held by the Board of Review.

I do not raise this point to be difficult, but it has been found in the armed forces, which are subject to discipline similar to that which prevails in the Royal Canadian Mounted Police Force, that it was advantageous to have appeals from service tribunals heard by an independent judicial body. As a result the Court Martial Appeal Board was set up some ten years ago, and quite recently Parliament passed an act establishing that board as a court. There can never be any question about the impartiality of that tribunal. I do not say that in the case of the R.C.M.P. a Board of Review constituted as proposed in section 43 of the bill would be partial and make it difficult for the man charged, but there is always danger of criticism unless there is some impartial board. Perhaps these appeals could be handled by the Court Martial Appeal Board, and if they were, I think people within the force, as well as outside the force, would feel that the appeals were getting the kind of judicial treatment which ordinary citizens get from the courts of the land, particularly courts of appeal. This may create a problem for the R.C.M.P., but I think if it could be considered in committee we might be doing a service to the force and generally improving the legislation.

I am very pleased to see section 53 in the measure, for it makes applicable the provisions of the Crown Liability Act, under which members of the force are amenable to the civil courts in cases where there are accidents between civilians and members of the force, particularly highway accidents. It will enable a civilian who has been wronged and who has a claim in damages to have at least his day in court with respect to such damages.

Honourable senators, apart from these remarks, I have no comment to make upon the measure. I think it is a great improvement over the existing legislation, and I think it is crystal clear as to what it purports to do.

Hon. W. Ross Macdonald: Honourable senators, the bill has been very well explained to the house by the honourable senator who moved the second reading (Hon. Mr. White), and by the senator from Ottawa West (Hon. Mr. Connolly).

I rise at this moment particularly to pay a tribute to the Royal Canadian Mounted Police for the splendid work it is doing for our country. It is without doubt one of the finest forces of its kind in the world. Its members are conscientious and strict in seeing that the laws are enforced, but in doing so they are always courteous and considerate. There is no doubt that they add much to the appearance of the beautiful building on this hill. In their scarlet uniforms, the Mounted Police are the envy of many young men who come here, and are an attraction, no doubt, to many a young woman. Of course, we must remember that the members of this force are not always in scarlet uniforms. We are apt to think that their work consists of walking up and down on Parliament Hill to see that visitors do not park in the wrong place. As far as I am concerned, I wish some other branch of our public service could provide men to see that the parking restrictions are adhered to. In fact, I would like to see all automobiles kept off the hill. However, apparently those who are in charge of parking have come to the conclusion that that is impossible, so they have given the task of seeing that the restrictions are enforced to the Royal Canadian Mounted Police. Although the Mounted Police are not always in their scarlet uniforms, it is true that they wear them on Parliament Hill and in different parts of our dominion wherever Her Majesty visits. I think that is quite right. May I mention with some pride that the Mounted Police sergeant on the Royal train comes from my home city of Brantford?

Hon. Mr. Aseltine: Hear, hear.

Hon. Mr. Macdonald: The citizens of my home city are very proud to have him on that Royal train.

The Mounted Police have more arduous and difficult tasks, which they are carrying out very efficiently. We must not forget that many members of this force are in the far northern parts of this dominion, where they sometimes remain for several years to carry out their duties. We find them all across Canada doing a very worth-while job in maintaining peace and order. And they are respected not only at home, but abroad.

Honourable senators, I think it would also be quite fitting if I referred at this time to other police forces in Canada. We are apt to think just of the Royal Canadian Mounted Police. In the province of Ontario, from which I come, we have the Ontario Provincial Police. They do not wear scarlet uniforms, but their uniforms are very fine. They are a splendid body of men, well trained, well disciplined and very courteous. They

are performing in Ontario a task equal to that which is performed by the Royal Canadian Mounted Police throughout the dominion.

I think also we should not entirely forget the municipal policeman—the man we call the ordinary policeman, who is on duty day in and day out, in this city and in the other cities throughout our land. I refer especially to the police of the city of Ottawa, whom I see now more frequently than those of my own city. In Ottawa, where there are so many tourists, I find that the police are very courteous. They have to be strict, they have to be firm, but at the same time I have heard very few complaints of any discourtesy by them toward the thousands of visitors who come here annually.

Honourable senators, I rise at this time for two purposes. First, to pay a tribute to the police forces generally of Canada; and, secondly, to say that I agree with the honourable senator from Ottawa West that this bill should be referred to a committee.

Hon. Mr. White: Honourable senators, before the bill receives second reading I would like to make a comment on one item brought up by the honourable senator from Ottawa West (Hon. Mr. Connolly). He referred to section 34, on the question of an accused being represented at his trial. I discussed this matter with officials of the R.C.M.P. and I questioned whether or not a man charged should be represented by counsel. They said no, that this was not the practice that had been followed. I am glad the honourable senator brought the matter up. When the bill is in committee, I am sure that point can be gone into more fully.

It will be noticed that subclause 2 of clause 43 reads:

> All appeals under this part by persons who have been convicted of a major service offence shall be referred by the Commissioner to the Board of Review, which shall examine the records and shall make its recommendation to the Commissioner.

I think everyone will agree that the Commissioner would follow the recommendation of the board.

Hon. Mr. Connolly (Ottawa West): Although there seems to be a discretion given to the Commissioner by clause 44.

Hon. Mr. White: Yes; it does say that the Commissioner "may" quash a conviction, etc.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. White, bill referred to Standing Committee on Banking and Commerce.

COMMITTEE MEETINGS

On the motion to adjourn:

Hon. Mr. Aseltine: Honourable senators, the bill which has just been read the second time is the last item on the Orders of the Day for this sitting. Before we adjourn I wish to remind honourable senators that the Standing Committee on Banking and Commerce will be meeting this evening at 8 o'clock. There will most likely be a long meeting of the committee this evening, as well as tomorrow morning, as five or six bills are now before it for consideration. I would like all members of the committee to attend the meetings, if possible, and any other senators who wish to be present.

The Senate adjourned until tomorrow at 3 p.m.

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APPENDIX

(*See pp. 966-7*)

SPEECHES DELIVERED BY HER MAJESTY QUEEN ELIZABETH II AT OTTAWA, JULY 1, 1959

Television Broadcast

Ottawa, July 1, 1959

The last time I spoke to you, from this my home in Ottawa, was when I opened the new Parliament two years ago.

This time I want to speak to you about two other great national occasions. The first was the opening of the St. Lawrence Seaway in which President Eisenhower and I took part near Montreal last Friday. He represented the American people and I was there as your representative to mark the completion of this joint enterprise which has captured the imagination of the world. Although this was an international undertaking, it is worth remembering that Canada was the moving spirit in getting the project started and that two thirds of the seaway and the work on it is in Canadian territory. This was a truly great national occasion.

The other national occasion is Dominion day which we are celebrating today. If the opening of the seaway is a salute to the future, then Dominion day is a salute to the past. Five hundred years ago there were no Europeans on this continent, today over 17 million Canadians enjoy what is probably one of the highest standards of living anywhere in the world.

During the early history of what is now Canada there was controversy and fighting. Today you have achieved a unity and a sense of common purpose which is a tribute to good sense and tolerance. This did not come about of its own accord. It came about because there have been men in every generation who were not content simply to work for themselves but who worked for the nation as a whole, who sacrificed their own interests for the common good.

Dominion day commemorates the birth of Canada as a nation and the first independent country within the British Empire. So it also marks the beginning of that free association of independent states which is now known as the commonwealth of nations.

(*Translation*):

Very recently, I was on the very site where Jacques Cartier, in 1534, set foot for the first time on Canadian soil and there erected his great wooden cross. I have been told that the name Gaspé comes from an Indian word meaning "the end of the earth". Undoubtedly, it seemed to the Indians that it was, in fact, the end of the earth, but for Cartier, and those who came after him, it was the start of a new world and a life filled with promises and possibilities.

Today, every Canadian can justifiably be proud of the way in which these possibilities have been realized. In government centres and in industrial areas, I have been able to learn that this marvellous new world, built on work and vision and on the natural resources of our country, still remains, four hundred years later, the heritage of Canadians.

(*Text*):

That same vision and heritage brought the commonwealth into being with Canada as a founder member. This is no mere sentimental organization but a vigorous association for co-operation and mutual help on the widest scale.

One instance of this is the number of students from India and Pakistan and the West Indies who find places in Canadian universities. This is an admirable plan and I hope that it spreads. There could be no better way to help future generations in all the commonwealth countries to get on together. If any of these students are listening to me, which perhaps they are, I congratulate them on the hard work and enterprise which has brought them here and send them my very good wishes.

After all I have said, I am sure you can understand why this tour has given me and my husband such pleasure and why we are looking forward to the rest of it so much. We would like to see many more of you and far more of this wonderful country but it cannot be done this time. Canada is simply too big. Luckily the television network covers most of the populated parts of the country so I can at least bring this rather more personal message directly into your homes even if I cannot drive through your streets and meet some of your fellow citizens. I hope it will also let you come with me to the different parts of Canada I am going to visit and see some of the spectacles and industrial developments along the route.

This is the holiday season for many of you and a fine summer's day is not just the moment for serious matters, but I have spoken of these things because they are very close to my heart. If I have helped you to feel proud of being Canadian, if I have reminded you of the strength which comes from unity, and if I have helped to draw your attention to the

bright vision of the years ahead, I shall feel well satisfied, because I believe with all conviction that this country can look to a glorious future.

At the Dedication and Unveiling of Commonwealth Air Forces Memorial

Ottawa, July 1, 1959

This memorial has been built to honour the men and women of the Air Forces of the commonwealth who during the Second World War gave their lives in Canada, in the United States of America and in neighbouring lands and seas, and who have no known graves. It is one of five such Air Force memorials, commemorating in all some 30,000 names. I have already opened two of these—at Runnymede and Malta—and the others are at El Alamein and Singapore.

Their very locations illustrate how wide was the conflict from which hardly any portion of the world was immune, and to which every part of our commonwealth made its contribution.

Some of those commemorated here were killed in active operations, based in Canada—on missions over the Atlantic and Pacific oceans and in the Arctic. But most of them were learning to fly under the empire air training scheme, or ferrying aircraft made in this continent to Europe and North Africa. They were young people with a belief in the future, many of whom, had they lived, would be playing their part in the reshaping of this modern world. Their deaths have increased the burden on us, but the example of their faith and courage will surely help and inspire us.

As those whose names are recorded here came from every part of the commonwealth, so today many of you, their relatives and kinsfolk, have come from all over the world to join with my Canadian people in honouring their memory. You will be looking for the names of sons or husbands or brothers who did not shrink from losing their lives to save our own. I share your pride in them and assure you of the undiminished gratitude of those who survived the conflict and are able to live in freedom because of their self sacrifice. I would also offer you a word of sympathy in your loss, which time can mitigate but never dispel.

Many Canadians were present when I unveiled the Runnymede memorial on which are recorded the names of 3,000 Canadian airmen. In the great window of the shrine there is engraved a verse from the 139th Psalm:

> If I take the wings of the morning: and
> remain in the uttermost parts of the sea;
> Even there shall Thy hand lead me,
> And Thy right hand shall hold me.

Let these words, in which some of those whom we are honouring here may have found encouragement as they climbed up into the skies, help and support you today.

THE SENATE

Wednesday, July 8, 1959

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

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker: Honourable senators, I have the honour to inform you that I have received the following communication:

GOVERNMENT HOUSE
Ottawa

7 July, 1959

Sir,

I have the honour to inform you that the Honourable Patrick Kerwin, P.C., Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate Chamber Wednesday, 8th July, 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,
Lionel Massey,
Secretary to the Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

CROP INSURANCE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-66, to provide for contributions and loans to the provinces in respect of crop insurance.

Bill read first time.

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

Hon. W. M. Aseltine: Next sitting.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following:

Copies of Appendixes "A" and "B" to the Preliminary Report, dated October 31, 1958, of the Fraser River Board on Flood Control and Hydro-Electric Power in the Fraser River Basin, which was tabled on January 21, 1959. (English text).

VETERANS' LAND BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill C-50.

The report was read by the Clerk Assistant:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-50) intituled: "An Act to amend the Veterans' Land Act", have, in obedience to the order of reference of July 2, 1959, examined the said bill, and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. George S. White: Honourable senators, I move that this bill be read the third time now.

Motion agreed to and bill read third time and passed.

ROYAL CANADIAN MOUNTED POLICE SUPERANNUATION BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill C-57.

The report was read by the Clerk Assistant:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-57) intituled: "An Act respecting the Superannuation of Members of the Royal Canadian Mounted Police", have, in obedience to the order of reference of July 2, 1959, examined the said bill, and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. White: Honourable senators, I move that this bill be read the third time now.

Motion agreed to and bill read third time and passed.

CANADIAN FORCES SUPERANNUATION BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill C-62.

The report was read by the Clerk Assistant:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-62) intituled: "An Act respecting the Superannuation of Members of the Canadian Forces", have, in obedience to the order of reference of July 2, 1959, examined the said bill, and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. White: Honourable senators, I move that this bill be read the third time now.

Motion agreed to and bill read third time and passed.

ROYAL CANADIAN MOUNTED POLICE BILL

REPORT OF COMMITTEE

Hon. Mr. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill C-34.

The report was read by the Clerk Assistant:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-34) intituled: "An Act respecting the Royal Canadian Mounted Police", have in obedience to the order of reference of July 7th, 1959, examined the said bill and now report the same with the following amendment:

Page 6: Immediately after subclause (2) of clause 20, insert the following as subclause (3):

"(3) The Minister shall lay before Parliament a copy of every arrangement made under subsection (1) within fifteen days after it is made or, if Parliament is not then sitting, on any of the first fifteen days next thereafter that Parliament is sitting."

AMENDMENT CONCURRED IN

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

Hon. Mr. Hayden: Honourable senators, I move the amendment be concurred in now.

Perhaps I should tell honourable senators that the proposed amendment to section 20 of the bill, which deals with organization and discipline, or shall we say the government, of the Royal Canadian Mounted Police Force, has to do with arrangements that may be made with provincial Governments and municipalities for the use of that force. The proposed new subsection 3—which bears the approval of the minister—provides that a copy of any such arrangement, if Parliament is sitting at the time, shall be tabled within 15 days, and if Parliament is not sitting it shall be tabled within 15 days after Parliament convenes.

Motion agreed to.

THIRD READING

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

Hon. Mr. White: Honourable senators, I move the third reading of this bill, as amended, now.

Motion agreed to and bill, as amended, read third time and passed.

UNEMPLOYMENT INSURANCE BILL

AUTHORITY TO PRINT COMMITTEE PROCEEDINGS

Hon. Mr. Hayden presented a report of the Standing Committee on Banking and Commerce on Bill C-43.

The report was read by the Clerk Assistant:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-43) intituled: "An Act to amend the Unemployment Insurance Act", report as follows:

Your committee recommend that authority be granted for the printing of 800 copies in English and 200 copies in French of their proceedings on the said bill.

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

Hon. Mr. Hayden: Honourable senators, I move that the report be adopted now.

Motion agreed to.

REPORT OF COMMITTEE

Hon. Mr. Hayden presented a further report of the Standing Committee on Banking and Commerce on Bill C-43.

The report was read by the Clerk Assistant:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-43) intituled: "An Act to amend the Unemployment Insurance Act", have, in obedience to the order of reference of July 2, 1959, examined the said bill, and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Clarence V. Emerson: Honourable senators, I move that the bill be read the third time now.

Hon. G. Percival Burchill: Honourable senators, I have just one comment to make. I would say to my honourable friend, the Leader of the Government (Hon. Mr. Aseltine), the honourable senior senator from Winnipeg (Hon. Mr. Haig), and my honourable friend from Blaine Lake (Hon. Mr. Horner), who I am sorry to see is not in his place, that they should be very happy after hearing the evidence given this morning before the committee. If my figures are correct, the Unemployment Insurance Fund collected last year the sum of $219 million and expended $479 million, thus showing a deficit or a withdrawal of $260 million. My honourable friends, who occupied seats on the Opposition side of this chamber not so long ago, should be very happy that the Grits left them such a good legacy upon which to draw.

Hon. W. Ross Macdonald: Honourable senators, before this bill receives third reading I would like to make a few comments. I agree with the honourable senator from Northumberland-Miramichi (Hon. Mr. Burchill) that this is excellent legislation. I think everyone will agree that it is among the very best social legislation which we have on the statute books. It was passed during the early days of the war, much against the wishes of many of those who are now sitting on the Government benches.

Hon. Mr. Aseltine: Why repeat that?

Hon. Mr. Macdonald: That should be remembered. However, I am glad that those sitting on the Government benches are now so enthusiastic about this legislation. My only hope is that in future they will do something to improve it, because it badly needs improving.

The fund, as has been pointed out before, has been greatly depleted, especially during the last two years. When this bill received second reading we understood that the increase in the contributions would help to restore the fund and put it on a sound actuarial basis. Those of us who were at the sitting of the committee this morning were amazed to learn from the officers of the department that, instead of putting the fund on a sound actuarial basis, the amendments will put it in a worse position, and if it is not insolvent now it will be nearer insolvency at the end of the present year, in spite of the increases in contributions.

Hon. Mr. Aseltine: Would you describe a fund as being insolvent when it has between $400 million and $500 million?

Hon. Mr. Macdonald: I say, if it is becoming insolvent it will be nearer that undesirable position at the end of this year, after these increases, than it is at present. I think all of us, including the Leader of the Government (Hon. Mr. Aseltine), were dismayed on getting that information this morning. In other words, the increased contributions this year will not even balance the fund against the expenditures during the coming year.

Another thing I want to point out, honourable senators, is that these amendments are pleasing to no one, except perhaps to the Government itself. Representatives of the Canadian Manufacturers' Association and of industry who were before the committee of the other house were not hesitant in expressing their dissatisfaction with this bill. Mr. Jodoin, President of the Canadian Congress of Labour, stated that the advantages which the employees receive from the amendments are outweighed by the very substantial increase in the contribution rates. So this bill is not pleasing to the employee or to the employer.

Honourable senators, we are aware that there is a committee known as the Unemployment Insurance Advisory Committee. Changes are seldom made to the act without first getting the advice of this committee. We learned this morning that the committee had been consulted and had given its advice, but that the Government, except in three instances, had not accepted that advice. The Government accepted recommendations that there should be two additional classes, that the "wage ceiling" of insurability should be increased from $4,800 to $5,460, and that unemployed persons should be allowed to earn more than they had in the past. Apart from those three recommendations, the Government did not accept the advice of the committee.

One of the main features of this bill is that contributions both by employees and employers are to be substantially increased, to the extent of about 30 per cent. The advisory committee did not recommend that increase. Let me read what it recommended:

> The committee respectfully recommends that the division of responsibility for revenue to the fund as between employers, employees and Government be adjusted so that the contribution from each be made equal. In other words, that the contribution from the Government be made equal to one-half that of the combined contribution from employers and employees.

There is no doubt the Government considered that proposal, but nevertheless it set it to one side. Although there are no increased benefits to employees, the amounts which they will have to pay into this fund are increased by approximately 30 per cent.

Hon. Mr. Brunt: Twenty-five per cent in most cases.

Hon. Mr. Macdonald: Honourable senators may be interested to know just what has happened to this fund over the last five years. In 1954 the fund contained $881 million; in 1955, $840 million; in 1956, $854 million; in 1957, $874 million and in 1958 it dropped to $744 million, and as of March 31 this year the amount in the fund was down to $496 million. I am informed that the fund is continuing to go down and that at the present time it contains approximately $432 million, which means it has been cut almost in half since 1957.

This large depletion in the fund has been caused to some extent by the great increase in unemployment during the last two years. I am not going to take the time of this house to berate the Government for allowing such a condition to continue, but the fact is that

the fund was depleted to some extent on account of increased unemployment. However, that was not the only reason for the depletion. Honourable senators may recall that I referred on second reading to the fund being raided in order to provide seasonal benefits for those who do not come within the provisions of the fund. In other words, the concept of unemployment insurance as understood when this legislation was enacted has been forgotten. You may say that the so-called raids on the fund did not amount to much, but they actually were of considerable extent. You may also say that the fund was raided by the former Government as well as by the present Government. That is true. In 1950 and 1951 the former Government took money from the fund to provide seasonal benefits, but I would remind the house that the Government of that day replenished the fund to the amount which it took for that purpose.

Hon. Mr. Brunt: How?

Hon. Mr. Macdonald: By paying into that fund a sum taken out of the Consolidated Revenue Fund. In other words, all the people of Canada paid a share for those who were unemployed and who did not come within the provisions of the Unemployment Insurance Fund; or, I will put it this way: those who were employed and those who were employing were not called upon to look after those who were out of work and did not come within the provisions of the fund. It was a condition which was caused by general unemployment in Canada, and therefore the Government of that day felt the public generally should pay for it.

What is the extent to which this fund has been depleted in recent years by raiding it in order to pay seasonal benefits? This year it amounted to $116 million.

Hon. Mr. Pearson: Who were those for whom the Government had to raid the fund?

Hon. Mr. Macdonald: Those who had not paid into the fund.

Hon. Mr. Pearson: Who were they?

Hon. Mr. Macdonald: Workers generally all across Canada, working men and women in almost every form of labour. My honourable friend from Lumsden (Hon. Mr. Pearson) will recall there was considerable unemployment in the early part of this year and the latter part of last year.

Hon. Mr. Aseltine: And before that.

Hon. Mr. Macdonald: Many of those unemployed were not covered by the fund and had no entitlement as of right to money in the fund. Notwithstanding that, the Government said, "We will take money from the fund and pay seasonal benefits to these people." I might compare the fund to a life insurance company to which people pay premiums in order that, after their death, benefits may accrue to their relatives. If somebody's house burns down and the life insurance company pays a fire claim out of the life insurance premiums, honourable senators know that that would constitute a breach and somebody would probably be sent to prison for it.

Hon. Mr. Brunt: An insurance company cannot write both life and fire insurance policies today.

Hon. Mr. Macdonald: The Government today is taking from employed people premiums intended to be used in paying benefits to those people if they should become unemployed, but instead those premiums have been used to pay benefits to people who did not contribute to the fund.

Hon. Mr. Brunt: Benefits were still paid to unemployed who had contributed to the fund.

Hon. Mr. Macdonald: Yes, but with what results? The fund is gradually being depleted and is in such an unsatisfactory condition today that the Government says something has to be done about it. In fact, the amount on hand is something like $450 million, whereas two years ago it was $850 million.

May I go back to the amount that was paid from this fund for seasonal benefits which, as I stated a moment ago, amounted to $116 million this year and $63 million last year, making a total of $179 which was taken improperly from this fund. At the present time there is approximately $450 million in the fund. Well, I will go back to my previous figure. At the end of the fiscal year there was $496 million in the fund. If that money had not been taken from the fund improperly there would be in that fund today approximately $670 million, and the fund would be in a reasonably good position. Therefore, honourable senators, we cannot blame unemployment for the present condition of this fund; we must blame the Government for taking from the fund money which it was not entitled to take. You may say, "Well, the money has to be paid, the unemployed have to be looked after." I agree entirely that the unemployed must be looked after, but this must not be done by taking money from some fund which the Government holds in trust. This money contributed by employers and employees, together with the portion contributed by the Government, is paid into the Unemployment Insurance Fund, and the Government holds it in trust—shall I say a sacred

trust, held for the purpose of assisting unemployed people who have contributed to it. Honourable senators, I feel keenly that the Government should replenish that fund from which money has been improperly taken. If that were done, the fund would be in a reasonably sound position actuarially.

I think honourable senators will agree with me that the present state of the Unemployment Insurance Fund is not satisfactory. I am confident that almost all senators feel that these moneys should not have been taken from the fund in the past, and that if the Government is not going to replenish the fund it should make sure that it will not take money improperly from the fund in future. In my opinion this whole act should be carefully reviewed by the members of both houses of Parliament. I most sincerely suggest that a committee comprised of members of both houses be established early next year to consider the whole question of unemployment insurance and the administration of the Unemployment Insurance Fund.

Hon. Arthur W. Roebuck: Honourable senators, I rise to state my approval of what has been said by the Leader of the Opposition (Hon. Mr. Macdonald) with regard to the Unemployment Insurance Fund. Many references have been made to the ideas, principles and the purpose in mind when the fund was originally created. At that time I was a member of the Commons, and was a member of the committee appointed for the purpose of drafting this act. We sat day after day for a long time considering the various clauses, and also considering information which we received about the Unemployment Insurance Act at that time in effect in Great Britain. I can state most definitely, from my firm memory of what took place at that time, that the committee determined that the contributions by the employer, the employee and the Government should be actuarially sufficient as compared with the obligations of the fund. That was the chief idea in the drafting of the act. We spent more time upon this than upon any other feature in order to ensure that the fund should remain actuarially sound; and we were under the impression that unless a very great depression fell upon the country and very large numbers of people became unemployed, the amounts of the contributions would at least equal the calls upon the fund. And we were right. During almost every day of all the years that followed, the fund gradually grew and grew in amount and importance until there were those who thought that we were accumulating more than was required for the meeting of our obligations. However, during the Liberal régime, those in authority held firmly to the opinion that we should stay with the actuarial determinations of the originating committee, of which I was a member, and nothing was done to deplete the fund.

The Leader of the Opposition mentioned an incident that occured during the Liberal régime, an incident which for the moment he referred to as a raid on the Unemployment Insurance Fund, which, however, he said was later repaid. I do not approve that incident. I think that not one dollar of the money in the fund should have been used for an ulterior purpose. Nevertheless, all that was done at that time was to make the administrators of this act the vehicle by which benefits were transferred ultimately from the Consolidated Revenue Fund to those who benefit under the act. It was purely administrative, because the Unemployment Insurance Fund was replenished out of the Consolidated Revenue Fund.

I note with great disapproval and real regret what has happened to the Unemployment Insurance Fund during recent years, and I heartily approve of the suggestion made by the Leader of the Opposition that this fund should be held inviolate—I think he said "sacrosanct", or something like that. The matter should be looked upon from the standpoint of honesty. It is dishonest to take moneys subscribed by people for one purpose and use them for some other purpose for which they were not intended—absolutely dishonest. I support the suggestion of the Leader of the Opposition that these moneys should be replaced by the Government out of the Consolidated Revenue Fund.

Hon. W. M. Aseltine: Honourable senators, I have listened with much interest to the political speeches made by my honourable friends opposite.

Hon. Mr. Roebuck: Oh, no, I object.

Hon. Mr. Aseltine: I am sorry I cannot agree—

Hon. Mr. Roebuck: I rise to a point of order or to a point of personal privilege on criticism of that kind directed to an honest expression of opinion. Such an expression of opinion by a member of this house should not be described by my friend with an adjective of that kind. It was patriotic, if you like, but not political. My friend should withdraw that statement.

Hon. Mr. Aseltine: If my honourable friend feels that I have said something that did not apply to his speech, I am quite pleased to withdraw it.

Hon. Mr. Macdonald: I am sure the honourable leader (Hon. Mr. Aseltine) will agree

that the term "political" is equally inapplicable to anything that I said. I know that he will at all times credit us with sincerity, at least.

Hon. Mr. Aseltine: Honourable senators, I am glad to know that my honourable friends opposite did not intend to say anything which might be considered of a political nature, and if I offended them by referring to their remarks as I did I withdraw my statement.

However, I cannot agree with what they have been saying about the Unemployment Insurance Fund. I think the fund is in excellent condition.

Hon. Mr. Macdonald: And getting worse.

Hon. Mr. Aseltine: We have nearly $500 million in it. We started out with nothing, when the fund was first created, but all through the forties and early fifties we had periods of full employment and naturally the fund was built up. The purpose of the fund is to take care of a situation such as we have had during the last two years. My honourable friend shakes his head. In my opinion that is what this fund is for.

Hon. Mr. Roebuck: May I ask the honourable gentleman a question?

Hon. Mr. Aseltine: Just a moment. Last session, when the amendments were made to this act, I do not remember any member opposite making any objection to what was being done.

Hon. Mr. Macdonald: I object. If the honourable leader will take the trouble to look up the remarks I made last year on the amendments to the act, he will find that I objected to seasonal unemployment benefits being drawn from this fund.

Hon. Mr. Aseltine: I do not remember the honourable senator making that objection, but if he says he made it I am ready to accept his assurance.

I think all speakers this afternoon have referred to this fund as having been raided by the present Government. Now, I am quite sure that if they had been in power they would have done exactly the same thing.

Hon. Mr. Macdonald: We did not when we were in power.

Hon. Mr. Aseltine: But you did not have a situation such as existed during the last two years.

Hon. Mr. Roebuck: If we had been in power it would not have existed.

Hon. Mr. Aseltine: It was coming to that. The Government was changed in 1957, and that was one reason why it was changed.

Hon. Mr. Macdonald: So you kept it coming.

Hon. Mr. Aseltine: There was dissatisfaction in the country, and the Government was changed. I say that the present Government is not responsible in any manner whatsoever for the fact that we had a mild recession during which great numbers of people were out of employment. Something had to be done for them, and the Government stated it would take care of these people, even though it meant deficit financing.

I am quite satisfied that if we had taken this money out of the Consolidated Revenue Fund and used it for this purpose we would have been told by honourable members opposite, and probably by members in the other place, that we should have taken it out of the Unemployment Insurance Fund. They would have pointed out that we had all that money there, and asked what was the use of going to the expense of running a bigger deficit than ever by transferring money from the Consolidated Revenue Fund and taxing the people to recover the money.

Hon. Mr. Golding: A poor excuse.

Hon. Mr. Aseltine: This is my firm opinion, because every time we deal with the amount of a deficit or the amount of moneys being spent by the present Government there is a great complaint from honourable members opposite. I am quite sure they would have said, "Why increase your deficit by some $100 million or $200 million for unemployment when you have the money on hand and are not using it?"

Hon. Mr. Macdonald: You did not have it.

Hon. Mr. Aseltine: I think if my honourable friends on the other side had been in power at the time they would have done the same thing.

Hon. Mr. Macdonald: The fact is that we did not.

Hon. Mr. Aseltine: I am not going to say any more at present, honourable senators. This is Government policy and it meets with my approval. I think it is the only thing to be done at the present time. Eventually the fund will be built up and gradually restored. I think it is on an actuarial basis now. I disagree with my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) when he says that it was actuarially sound from the beginning. It was only actuarially sound, honourable senators, as long as we had full employment and the fund was building up, but when unemployment occurred, among thousands and thousands, why quite naturally the amount paid in would not take care of the amount that had to be drained out. So I say that the fund was never actuarially sound. It may become actuarially sound if

we pass this bill today and are careful to raise enough money to make it so. This is one way in which to do it.

Hon. Mr. Euler: How can it be actuarially sound when you cannot foresee what the degree of unemployment is going to be from year to year?

Hon. Mr. Aseltine: I will take my honourable friend's statement as a qualification of what I have just said, because I have a great respect for his opinion, he having been for some time Minister of National Revenue, an office which he held with very great distinction. If we suffered a very severe depression and had to take care of the people —for we could not let them starve—under those circumstances the fund would not be actuarially sound. It would naturally be depleted, and probably depleted to a greater extent than at the present time.

So I am asking honourable senators to pass this bill. It is the policy of the Government and I stand by it.

Hon. Mr. Macdonald: Honourable senators, on a question of privilege:

The honourable Leader (Hon. Mr. Aseltine) stated that I did not oppose the method of providing for seasonal benefits last year. I would refer him to the 1957-58 Senate *Hansard* at page 286. I will not read all I said, but just one brief quotation in connection with payments for seasonal benefits:

> My question now is, why should the payments under this bill be a charge on this fund?

My first proposal was that the payments should not be made out of this fund. Then I went on to say that if they were, the amount by which this fund was overdrawn on that account should be refunded to it from the Consolidated Revenue Fund. So there is no doubt that I did oppose the way in which the payments were to be made.

Hon. T. A. Crerar: Honourable senators, the last thing at the moment that I wish to do is to wander into political pastures. This measure is one that is of great importance to the country. It is our duty as members of Parliament to try to frame our legislation wisely and well.

The Leader of the Government (Hon. Mr. Aseltine) in the rather spirited defence he made a short time ago of the measure was a bit inconsistent. In his opening remarks he stated the fund is in excellent shape, it is not insolvent, and he endeavoured to convey the impression that there is nothing to occasion worry. But before he was finished he was arguing that this measure was necessary to supplement the fund. There, I suggest to the house, was a bit of inconsistency which we very rarely see indeed in the honourable gentleman who leads the Government side in this house.

I remind the house of my remarks on second reading of the bill—

Hon. Mr. Aseltine: You are saying that the fund is not in good shape. I am accepting your statement and bringing in this legislation to build up the fund.

Hon. Mr. Crerar: We shan't quarrel over that. Normally, one would think that the fund, which at the present moment stands at over $400 million, and has income on the one side and disbursements on the other, could be said to be still in reasonably good shape. I would not quarrel with that assertion. That is not the difficulty I find with the bill.

On second reading I stated to the house that I was opposed to this measure. It was referred to a committee, where we heard this morning from officials of the Unemployment Insurance Commission and one of the commissioners. Their evidence lasted almost two hours. I heard nothing in the evidence they gave, in the questions asked or the answers received, that in the slightest degree changed my opposition to this measure. I do not wish to repeat the arguments I put forward, perhaps not very clearly, on second reading, but there are a few things that should be said:

The honourable Leader of the Opposition (Hon. Mr. Macdonald) was on thoroughly sound ground in his criticism of utilizing this fund for seasonal benefits. This is a complete departure from the original purpose of the legislation. It is quite true that in 1950 or 1951 the late Liberal Government did the same thing. It should not have done it. This fund should not at any time, under a Liberal administration or a Conservative administration, be subjected to withdrawals for purpose of seasonal benefits, because the moment you do that you depart entirely from the principle upon which the legislation was founded. While the late Liberal Government sinned in that respect, it recognized that it had sinned, and it put back into the fund the amount it had withdrawn for seasonal benefits.

Now my friend the honourable Leader of the Government argues that the present Government had to pay out these benefits; it couldn't let the people starve; it had to provide the moneys to meet seasonal unemployment, and why should not these moneys have been taken out of the Unemployment Insurance Fund? That is his argument.

Hon. Mr. Aseltine: Of course.

Hon. Mr. Crerar: It is a rather remarkable argument to come from the honourable Leader of the Government, whom, I am bound to admit frankly, I have found to take a sound view on nearly every question that comes before this house. But his view in this respect is wrong. This fund should not have had a single dollar taken out of it for seasonal benefits.

The honourable Leader of the Opposition was quite right in saying that, had withdrawals not been made, the fund today would have had in it about $170 million more than it has at the present time.

Hon. Mr. Macdonald: $179 million.

Hon. Mr. Crerar: In important legislation of this kind, are we going to stick to sound and proven principles in its administration? I think we must. If we are going to take money out of the Unemployment Insurance Fund to use it for seasonal benefits simply because it is there, why should we not take money from the fund to give grants to agricultural fairs or things of that kind? That would be just as reasonable. The criticism, and it is a valid criticism—

Hon. Mr. Aseltine: My friend surely is not serious.

Hon. Mr. Crerar: It is a valid criticism that I direct to my friends on the Government side, that this was a departure from a sound practice and principle. The withdrawal that was made from the fund for this purpose should be returned to it from the consolidated revenue. But the Government does not do that. It says, in effect, we have taken this money out for seasonal benefits. The fund may now be in jeopardy; therefore, we will pass a flock of new amendments and get the fund replenished, and at the same time give it a good-looking façade by expanding the benefits that may be derived from it, by increasing the allowable earnings, and by raising the limit of income of employee contributions from $4,800 to $5,460.

We had no assurance from the honourable sponsor of the bill in this house on second reading (Hon. Mr. Emerson), and we have had no assurance today from the honourable Leader of the Government, that in the Government's opinion this legislation will put the fund on an actuarially sound basis. Nor did we get that assurance today from the gentleman who appeared before the committee. What deduction can one make from that situation? Quite frankly, I am at a loss to know. My own guess, for what it may be worth, is that there is no guarantee whatever in the changes made by this amending legislation that this fund will be maintained actuarially sound, should we encounter even as much unemployment as we have had in the past two or three years.

I draw attention to another fact, one which I referred to partially in my remarks on second reading. Employers and employees are each obliged under this amending legislation to increase their contributions by 30 per cent. But the Government's contribution is also increased, a fact of which no mention was made on the discussion on second reading, as far as I can recall. The Government agrees to contribute one-fifth of the combined contributions of employers and employees, and since the contribution is increased, the Government's share is increased. Under this legislation the taxpayers will, in a full year, contribute an additional $14 million.

In the light of those facts, I say, first, that further withdrawals from the fund for seasonal benefits should cease, and the Government should give assurance to Parliament that they will cease.

Secondly, the additional burdens that are going to be placed upon industry are very substantial. The estimated total figures were given to us this morning in committee. The fact of the matter is that we do not have today the full information we should have. For instance, inquiry was made this morning of the witnesses as to how many people who retire from industry of all kinds at the age of 65 on good pensions draw unemployment insurance later. The witnesses admitted that there were such persons, but could not give the numbers. That is to say, if a person who retires at the age of 65, with a pension of from $100 to $300 a month, registers for unemployment insurance, and the employment services cannot find a satisfactory job for him, he is entitled under the practice to receive insurance benefits. I submit to the house that that was never contemplated when the legislation was first passed. That, in itself, is a violation of the sound principle of insurance upon which this legislation supposedly was based. In the light of all this, as far as I am concerned, I cannot change my opposition to this bill. I am opposed to its passing. I am opposed to its being put on our statute books.

There is just one other comment I have to make, and that is in regard to the suggestion made by the Leader of the Opposition that this whole matter of the administration of unemployment insurance should be reviewed by a committee of both houses at the next session of Parliament. I do not know whether at the moment I am ready to cheer for that, but I will cheer loudly for a special committee from this house which will take

the time to gather all the data. I would like to know, for instance, how many people are today drawing unemployment insurance benefits and who have retired on good pensions. At the moment we do not know that number. I venture the estimate that it runs into a good many thousands, maybe tens of thousands, because one hears—I admit that rumour is not a very good basis on which to make an estimate—of cases where people are getting something out of the Unemployment Insurance Fund to which they are not entitled. Let us see if we can unravel all that.

Let us try, in another session, to approach the matter, not with the idea of finding a stick with which to beat the present Government or the late Government, but with the purpose and aim of improving this legislation, of weeding out its weaknesses and its defects, and of doing what we can to strengthen it. Our approach should be wholly from the angle of the public interest because, believe me, while parties may try to score political points out of a matter of this kind, the really important thing that remains is to find legislation that will fairly and adequately meet the need, and, at the same time, be just and fair to the taxpayers of this country.

Hon. Salter A. Hayden: Honourable senators, there are a few remarks I would like to make in connection with this bill. It may well be that, when I have finished, the honourable Leader of the Government (Hon. Mr. Aseltine) will agree with what I say. I doubt that he will be able to suggest there is anything political in my remarks on this occasion.

Hon. Mr. Brunt: You are an awfully nice fellow.

Hon. Mr. Hayden: I must start off by attacking his measuring stick for determining the solvency of this fund. He said, in effect, "Why, there is plenty of money there." I was never taught to determine solvency in that fashion. I have always understood that solvency was a relative matter; that it was the relationship between what you have and what you owe, and, therefore, if you have a lot of money and few liabilities you are solvent, but if your assets, though large, are exceeded by your liabilities, potential or otherwise, you are either insolvent or you are treading very close to the line of insolvency. This reminds me of the famous comment of Mr. Micawber in one of the works of Dickens, that if you have an annual income of £20 and an annual expenditure of £19 19s. 6d. you are happy, or reasonably so, but if your annual income is £20 and your annual expenditure is £20 0s. 6d., then, of course, you are in difficulty.

Just because there may be $432 million in this fund at the present time is no reason for arguing that the fund is solvent or actuarially sound. You have to look at the other side of the picture and observe the full impact of the payments that are required to be made out of the fund.

Having said that, I would like to come to the main purpose of my speaking at this time. The Unemployment Insurance Act has been in force since 1940. My voice was a small one at the beginning of the act, because at that time I had just come into the Senate. A committee of the House of Commons was dealing with this matter then, and in the interests of dispatch, and possibly because I was the most recent appointee to the Senate, I was given the job of sitting in on that committee, so that I might learn the thinking that was being expressed in the study of this question and in the hope that I might be able to impart it to the rest of the senators to such an extent that the bill would proceed more expeditiously through the Senate. Whether I learned anything there, or whether the Senate learned anything from what I thought I had learned, I do not care to say.

In any event, the bill was passed into law and it has now been on the statute books and operating for some eighteen or nineteen years. In the meantime employer-employee relationships, union relationships with employees and economic conditions in the world have all changed. The pattern has changed so greatly that the concept of unemployment as it existed at the time this bill was enacted is entirely different from what it is now. The impact of all the changing conditions down through the years has been such that I think it is now time that we took a hard look at the whole question of unemployment and gave this problem close study.

In the beginning of this legislation the idea was to build up in a period of good times a fund which would take care of temporary unemployment. We have moved beyond that stage in the last couple of years. We now have a concept of unemployment as being something that should be dealt with on the basis of assuring to people who are out of work a measure of purchasing power regardless of the circumstances or conditions that led to their being out of work. Once you have that broader concept then, in my submission, you have to get away from the basis on which this fund was established, namely, by employer and employee contributions. That is why I say we have now arrived at the stage where the question of unemployment insurance should be reexamined, where the question of taking care of those who are out of work—not only those who are temporarily out of work in the

bare sense of the word, but those who by reason of general economic conditions or of changes in the functioning of industry suffer long periods of seasonal unemployment—has to be considered. Those are factors which, in my submission, were not within the original concept of unemployment insurance, and I think it is essentially unfair that a fund which receives its contributions from persons who are regularly employed, and which is there to tide them over during the limited periods when they are out of work, should have these extended obligations placed upon it.

I heartily agree with what has been said in regard to payments out of this fund to provide seasonal benefits. I am not quarrelling with what was sought to be accomplished, but I do say that it is unfair to make use of the contributions that have been made on the former concept of the principle of unemployment insurance to provide for these extended benefits.

By that I do not mean that the people who receive these benefits should not be taken care of. Certainly they should be taken care of, but in another manner. But, this is an actuality now; it is a *fait accompli*. Therefore, what we must do, I repeat, is re-examine the whole question of unemployment insurance.

It may be that we shall have to divide it into two categories. In my view it is certain that we cannot go on forever imposing additional burdens such as we are doing under this bill, whereby increased payments to the extent of 30 per cent are required of employers and employees, for the purpose of maintaining a fund that will take care of that broader field which encompasses kinds of employment that were not thought of in the period when this statute was passed. I think it unfair that employers and employees should be charged specifically with the obligation of financing this expanded field. These are the things that require study. We should ascertain the views of industry, unions, employees and business generally, and we should then evolve a scheme. This scheme may well fall into a number of divisions. It may restore the original concept of unemployment insurance and it may retain the present financing system. Financing in the broader field of unemployment, which may be introduced by general economic conditions that affect the entire country, is something that should be approached in an entirely different way. The people as a whole, as represented by the Government of Canada, should be asked to deal with the financing of a plan of that kind and the contributions that employers and employees make within the limits of the present statute should be used for dealing with unemployment in the way that they intend.

Hon. Mr. Robertson: May I ask the honourable leader (Hon. Mr. Aseltine) a question? I was unavoidably absent earlier and I am not familiar with the statistics in relation to this legislation. Would the honourable leader know what the unemployment figure is at the present time?

Hon. Mr. Aseltine: No, but this type of information was given to the Banking and Commerce Committee this morning. The proceedings of that meeting were reported by the *Hansard* reporters and will be available in printed form to the honourable senator.

Hon. Mr. Robertson: Thank you.

The Hon. the Speaker: Honourable senators, the question is on the motion for the third reading of Bill C-43, to amend the Unemployment Insurance Act. Is it your pleasure, honourable senators, to adopt the motion?

An Hon. Senator: On division.

Motion agreed to and bill read third time and passed, on division.

FIRE AT PICTOU, NOVA SCOTIA

REQUEST FOR EARLY REPLACEMENT OF DESTROYED FACILITIES

On the Orders of the Day:

Hon. John A. McDonald: Honourable senators, before the Orders of the Day are proceeded with I would like to bring to the attention of the honourable Leader of the Government (Hon. Mr. Aseltine) the serious waterfront fire at Pictou, Nova Scotia, on Monday last when the main piers, transit shed and other shipping facilities were destroyed by fire. This loss was incurred despite the presence of fire-fighting equipment from six stations from Pictou and surrounding communities. It is an urgent matter and most important for the economic welfare of Pictou and other communities throughout Nova Scotia and, indeed, the Atlantic provinces, that the various structures and shipping facilities be re-established as early as possible. It is with this hope that I rise and ask the honourable Leader of the Government if he will bring this matter to the attention of the Prime Minister and the Minister of Public Works, so that with their co-operation these shipping facilities may function again as early as possible. I make this request in support of representations that have been made by the member for Pictou constituency in the other house.

Hon. Mr. Aseltine: I believe this matter is already under consideration, but I will be glad to follow the suggestion of the honourable senator from Kings (Hon. Mr. McDonald).

Hon. Mr. McDonald: Thank you. There was also a waterfront fire at St. John's, Newfoundland, this morning. I do not know how serious it was. At last report I heard it was under control, but that one or more transit sheds had been destroyed.

CRIMINAL CODE BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

Hon. John Hnatyshyn moved the second reading of Bill C-58, to amend the Criminal Code.

He said: Honourable senators, it seems impossible to isolate the principle of this bill to be debated on second reading, for it consists of a number of detailed amendments to various sections of the Criminal Code. The bill lends itself more to a section-by-section examination in committee than to a debate in the house, and if and when it is given second reading I will be pleased to move that it be sent to the Standing Committee on Banking and Commerce.

Therefore, in explaining the bill now I want to stress certain clauses only, and those that are procedural I will pass in a hurry. If I can be of any assistance in clarifying the various amended sections, I shall briefly comment on them. Many of the clauses are merely procedural and some others do not change the law but attempt to clarify it. It may be of interest to point out that the substantive main provisions in the bill are to be found in clauses 2 and 3, which are new and which provide for giving Canadian courts jurisdiction over indictable offences committed on board certain aircraft.

Clauses 11 and 12 provide a definition of obscenity. Clauses 27 and 31 provide time for payment of fines for indictable offences and summary convictions.

I intend to say more about these clauses when discussing the bill clause by clause, for I am sure honourable senators may wish to comment on some of them.

Clause 16, which is new, provides that a judge may prohibit a hit-and-run driver from further driving.

Clause 18, which also is new, provides that a news report of a preliminary inquiry published before an accused has been discharged, or the trial concluded, may not disclose an admission or confession made by the accused.

Clause 28 provides that the time spent by an accused in jail before trial is to be automatically counted in his sentence.

In most cases the amendments in this bill have been made as a result of requests from provincial Governments or of resolutions submitted by the Canadian Bar Association, or, in some instances, of submissions by the criminal law section of the Commissioners on Uniformity of Legislation.

May I also point out at this stage that the bill has been amended since first reading, when it had only 37 clauses. If any honourable senator has a bill containing only 37 clauses it is the wrong bill, for the present bill has 38 clauses.

Clause 1 is simply an amendment which would permit judges of the territorial courts to act as magistrates. This would permit them to try indictable offences under Part XVI of the Criminal Code and summary conviction cases under Part XXIV of the Code. The immediate need for this is that in the Northwest Territories there is a shortage of magistrates. This is only a procedural clause enabling the judges of the territorial courts to act as magistrates.

Clauses 2 and 3 should be taken together. Clause 3 provides for offences on aircraft. It is not intended as permanent legislation, but merely as stop-gap legislation to make provision for something that does not exist until such time as an international agreement can be reached making provision for offences on aircraft. Clause 2 adds to the definition of "peace officer" in paragraph 30 of section 2 of the act:

> The pilot in command of an aircraft registered in Canada . . . while that aircraft is in flight.

As I have stated, clause 2 should be read along with clause 3.

The effect of clause 3 is to give Canadian courts jurisdiction to try a person in respect of an act or omission (a) on board a Canadian aircraft within or without Canada, (b) on board any aircraft during a flight that ends in Canada, if the act or omission would have constituted an indictable offence if it had taken place in Canada.

As I have pointed out, this is only stop-gap legislation. When international agreement has been reached as to the jurisdiction each state should exercise, this part of the legislation will be repealed.

Clause 4. The effect of this amendment is to authorize the granting of bail on Sunday or a statutory holiday. There is some question if in many provinces this is not already possible, but it has not been statutory and in many provinces bail could not be granted on Sunday, with the result that anyone arrested late Saturday night or on Sunday has had to wait until Monday to obtain bail. This clause is, of course, only procedural and in no way varies the grounds on which bail may be granted.

Clause 5 is a substantive clause. This proposed amendment is to section 82, which at present makes it an offence to carry an offensive weapon for a purpose dangerous to

the public peace or for the purpose of committing an offence, and would expand the section so as to make it an offence to carry an imitation of an offensive weapon for such purposes. There have been many crimes committed where the criminal used an imitation weapon that served the purpose of an automatic revolver. This clause makes it illegal to carry an imitation of an offensive weapon for such purposes.

Clause 6 is also substantive and extends to the lending of firearms. I assure honourable senators that they need not worry about lending their hunting guns, because those are not covered by this clause, which merely prohibits the lending of automatic weapons under certain circumstances. The effect of the proposed amendment is to extend section 90 (5) which prohibits the sale, barter or gift of a firearm, that is a pistol, revolver or automatic weapon, before it is registered or the subject of a permit in the name of the recipient, to the lending of such firearms in like circumstances.

Clause 7, which also is a substantive clause, extends the requirement to keep a record of firearms by persons in the business of repairing firearms. The effect of the proposed amendment is to extend the requirement in section 91(1) for a record of transactions in connection with pistols, receivers and automatic weapons to the business of repairing such firearms. At present section 91 (1) is confined to persons buying and selling such firearms at retail.

Clause 8 is merely procedural. The effect of the proposed amendment is to authorize the issue of a permit in Form 45 by a "local registrar of firearms".

Clauses 9 and 10 can be taken together. They are substantive clauses and are not in any way a change in the law. Their purpose is to clarify the application of subsection (3) of section 138, which sets out the circumstances under which the court may find not guilty a person accused of an offence under subsection (2) of section 138. Subsection (2) states that every male person who has sexual intercourse with a female person who is not his wife and is of previously chaste character and is under the age of 16 years is guilty of an indictable offence. Subsection (3) provides that the court may find the accused not guilty if the evidence does not show that the accused is wholly or chiefly to blame. The proposed amendment would substitute the expression "more to blame than the female person" for the expression "wholly or chiefly to blame". Attention has been drawn by judges to the interpretation of this section, and this clause is intended merely to clarify the law. The same applies to clause 10, which changes the same wording in subsection (2) of section 145.

Clauses 11 and 12 are perhaps the important clauses in this bill, or at least there has been more comment on them than on any other clauses. Their object is to provide a statutory extension of the definition of "obscenity", so as to make it perfectly clear that the law of obscenity does apply to certain types of objectionable material that now appears on the news-stands of Canada and is being sold to the young people in our country. Obscenity has never been defined in our Criminal Code. The courts have gone back to a common law ruling for the meaning of obscenity, a ruling which is almost 100 years old, as set out in the case of *Rex V. Hicklin*, in 1868, by the famous British Chief Justice Sir Alexander J. E. Cockburn. He said:

> I think the test of obscenity is this, whether the tendency of the matter charged as obscenity is to deprave and corrupt those whose minds are open to such immoral influences and into whose hands a publication of this sort may fall.

Different interpretations can be placed upon a principle such as that. Even a layman can see how phrases like "tendency to deprave" and "those whose minds are open" might lead to a lot of wrangling. The definition in clause 11 widens the meaning of obscenity, and I think this definition will be capable of application with speed and certainty. The test will be: Does the publication complained of deal with sex, or sex and one or more of the other subjects named? And if so, is this its dominant characteristic? If so, does it exploit these subjects in an undue manner? This definition is gunning for muck on the news-stands, publications and periodicals making no pretence to literary merit and selling solely for their emphasis on sex and sex allied to violence, cruelty, horror and crime. There is no attempt to outlaw publications that have genuine literary, artistic or scientific merit.

The characteristic complained of must be the *dominant* characteristic. This will clearly exclude from the definition books that are otherwise meritorious but contain a passage which, if torn from the context, might be considered objectionable. The courts must look at the whole work and not at just an isolated passage.

Procedure is provided for in clause 12. This new procedure is what is described as procedure *in rem*. You issue a "show cause" summons against a certain periodical, not against an individual. If there is any accused, in such a case it will be the periodical. The onus remains on the Crown to prove that the periodical is obscene. Once that is determined, then of course it will be the duty of public enforcement officers to warn all dealers who may have on their stands any works

which have been declared obscene. Any person who persists in selling them may be charged. But, according to the section, the charge may be laid against a retailer or any other person only with the consent of the Attorney General.

The idea is to provide a procedure to remove some of the objectionable trash and muck that appear on the news-stands today. The section already contains provisions for comic books and so on, but with this addition of the definition of obscenity in clause 11 a method is provided by which more of these objectionable periodicals that still remain on the news-stands may be removed. This procedure *in rem* is not new. Since 1867 there has been on the statute books of the United Kingdom an act which provides a method *in rem* for the removal of obscene magazines and periodicals from news-stands.

I think that the procedure outlined here provides a quick and relatively simple manner of bringing before the courts on the merits the issue of whether or not a particular publication is obscene. Under this procedure it is not necessary to lay a charge against anybody.

I now come to clause 13. This is merely a consequential clause; it provides a penalty for the breach of section 150B by inserting a reference to that section in the present penalty provision, section 154.

Clause 14 is a substantive amendment. All it does is to add "radio" to the means of transmitting betting information. Otherwise the section remains the same as it is now in the Code.

Clause 15 is procedural. Under this clause, it will not be necessary to call an analyst to testify as to drunkenness, for the certificate of the analyst will be *prima facie* evidence of the results of a chemical analysis. The identification will still have to be proved by the Crown.

Clause 16. The purpose of this amendment is to extend the powers of the court to prohibit a person convicted of certain offences from driving a motor vehicle anywhere in Canada during a period of disqualification arising out of a breach of the "hit and run" section of the Code, section 221 (2). At present a judge can so prohibit a person convicted of criminal negligent driving or drunken driving, but he could not so prohibit anyone convicted under section 221 (2). This amendment was recommended by the Crown Attorneys' Association of Ontario.

Clause 17 is procedural. It will allow a person who is in custody to plead guilty before a magistrate for an offence committed outside the territorial jurisdiction where he is being held in custody. At present a person being held as above described may plead guilty only to offences committed outside the province where he is being held in custody, but not to offences committed in the same province but outside the territorial jurisdiction where he is being held in custody.

Clause 18 would amend section 455, which provides that a prosecutor may give in evidence at a preliminary inquiry any admission or confession of the accused which is admissible by law. The effect of this proposed amendment is to prohibit publication of such admission or confession until the accused has been discharged or his trial concluded. The reason for this amendment is to avoid prejudice to the accused personally. That amendment applies only to publication of confessions made at preliminary hearings.

Clause 19 also is procedural. The effect of this amendment would be to permit a judge of the Territorial Court to sit as a magistrate and exercise the extended power given to a magistrate under Part XVI of the Criminal Code.

Clause 20, which also is procedural, means that a magistrate could, if it seemed to him advisable, decide not to exercise his absolute jurisdiction under section 467. As the law now stands, under section 469, if an accused has elected summary trial, and the magistrate decides that the trial should be by way of indictment, he can make it a preliminary hearing. This clause simply provides that in every case, even where the accused has not elected to be summarily tried, if the magistrate thinks the accused should be tried by way of preliminary hearing he has the right to decide so.

Clause 21, like clause 20, is procedural, and restores a provision that was in the former Code.

Clause 22. New Brunswick has decided to do away with grand juries, and requests this amendment be made. Similar legislation has already been passed in that province.

Clause 23 also deals with grand juries, and this is at the request of the province of Ontario. That province has passed legislation reducing the number of grand jurors from 13 to 7. This clause merely provides that a majority of the jury may find a verdict. This again is strictly procedural.

Clause 24 also is procedural and involves two amendments. The effect of the amendment to section 555 preceding paragraph (a) thereof is that, in addition to the evidence, the addresses of counsel shall be recorded. The amendment under paragraph (b) of that section gives permission for the taking of evidence by means of sound-recording apparatus where such is authorized by provincial legislation for use in civil cases. Some provinces have already used tape recorders

and have enabling legislation providing that evidence so taken is admissible.

Clause 25 is procedural. It provides for the putting in of a certificate to prove a previous conviction.

Clause 26 is procedural. The effect of this amendment is to provide that addresses of counsel shall be transcribed and furnished to the court of appeal, if a ground for appeal is based upon either of the addresses. This amendment is consequential upon the proposed amendment to section 555, as set out in clause 24.

Clause 27 is one of the new clauses which I mentioned in my opening remarks. Its effect is to provide that a court which convicts an accused of an indictable offence and imposes a fine will have the power of a summary conviction court under section 694 to permit time for payment of the fine, subject to certain conditions set out in the section. This provision has existed with respect to a summary conviction, but not with respect to a conviction for an indictable offence. As the law now stands, the court has no power to authorize time for payment of the fine. Subclause 4 would grant this authority. Honourable senators will notice that the terminology in this subsection is permissive. The matter of granting time will still be within the discretion of the presiding magistrate. The idea behind this amendment is simply to see that nobody who is unable to pay a fine goes to jail for a debt. That, of course, does not mean that where an accused is in contempt of court, or is able to pay the fine, the magistrate should extend time for payment.

I should mention that clauses 27 and 31 should be read together.

Clause 28 simply changes the existing rule in the Code with respect to a person who is in jail awaiting the results of an appeal or awaiting trial. Upon the passage of this amendment the time he has spent in jail awaiting appeal will automatically count towards his sentence.

Clause 29 is procedural. It simply clarifies the present law. Under the present law, if an accused pays part of his fine his jail sentence is prorated. This clause makes it clear that after committal he can pay the balance of the fine, or a further sum on account of his fine; and he is also enabled to prorate his sentence, as far as spending time in gaol is concerned.

All that clause 30 does is to correct a typographical error in the present Code. It has no other significance.

Clause 31, like clause 27, deals with payment of fines.

The effect of clause 32 is to place a judge of the Municipal Court of the City of Montreal in the same position as a judge of the Sessions of the Peace with respect to a waiver of jurisdiction, by relieving him of the requirement of naming the summary conviction court in favour of which jurisdiction is waived. My understanding is that in many cases coming before magistrates in the province of Quebec the jurisdiction is waived, and very often no one is sure to which court the case may go. This amendment was proposed by Chief Municipal Judge Paquette and the Chief Solicitor in charge of the Municipal Court in the city of Montreal.

Paragraph (aa) of clause 33 provides that an appeal from a court of summary conviction in Newfoundland shall go to one judge of the Supreme Court of Newfoundland instead of two judges who constitute a quorum of the Supreme Court of that province. The other part of clause 33 relates to Prince Edward Island. It simply restates in identical terminology that an appeal from a court of summary jurisdiction in Prince Edward Island shall go to the Supreme Court of Prince Edward Island.

Clause 34 is procedural. It makes it clear that the agent of the Attorney General may act instead of the Attorney General, thus clarifying the law and making it uniform throughout Canada.

Clause 35 simply puts back into the law a former provision of the Criminal Code. It is in regard to substitutional service, and simplifies the perfecting of appeals. It is procedural, and applies only in a case where the proper person to serve cannot be found. If a magistrate, let us say, dies or is out of the country, the County Court, or the District Court, as it is called in some provinces, can direct substitutional service. This applies also to the person who laid the charge, such as a constable. If he is not available the appeal court, which is the County Court or the District Court, can name someone else.

Paragraph (2) of clause 35 is also procedural. It allows an additional 30 days after the expiry of the original 30 days for serving and filing a notice of appeal. Up until now, this additional time was available only in the Northwest Territories.

Clause 36 is procedural. It allows a judge of the appeal court to set down for hearing an appeal from a summary conviction after the appellant has complied with the provisions of the Code concerning service and filing. The present provision requires that the appeal court shall set down the appeal for hearing.

Clause 37 is procedural. It exempts the agent of the Attorney General of Canada and the agent of the Attorney General of a province from providing security to cover the cost of an appeal from a summary conviction.

Clause 38 is procedural, its effect being to empower the court of appeal to order a new trial in respect of a summary conviction appeal. That power did not exist before.

That, honourable senators, is a brief outline of the proposed amendments to the Criminal Code. As I said before, if my motion for second reading is carried I will be pleased to move that this bill be sent to a committee.

Hon. Arthur W. Roebuck: Honourable senators, at this late hour I fancy that I should move adjournment of the debate rather than proceed to speak. I understand that the representative of the Governor General will be here at a quarter to six to give the royal assent to some bills. This bill is quite lengthy and full of detail, and I would not want to be rushed in my dealing with it.

Hon. Paul H. Bouffard: Honourable senators, I would like to say a few words in regard to this bill. I will not be very long. Maybe I could speak now, and the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) could proceed tomorrow?

Hon. Mr. Roebuck: That is agreeable.

(Translation):

Hon. Paul H. Bouffard: Honourable senators, I do not intend to deal with the whole Criminal Code Bill. It is a rather complicated bill and procedural questions are best discussed in committee.

I propose to discuss purely and simply sections 150, 150A and 150B concerning obscenity, which are being added to the Criminal Code.

We are all aware of the importance of these new provisions of the Criminal Code. They should have been placed therein a long time ago, and I believe the Government should be congratulated upon having taken a step in the right direction and having thus made a start in order to correct the most abnormal conditions existing in our country, whereby people who are not fit to be educators do in fact exercise upon our youth a most regrettable influence which undeniably tends to corrupt it.

I remember that we discussed this matter several years ago. A special Senate committee had been appointed, under the chairmanship of the Honourable Senator Davis. In its report, that committee underlined the dangers of obscene literature. Since then, the Government has been searching for ways to correct such a situation and to prevent the publication and sale of such unwholesome and corrupting literature.

Although the Government deserves congratulations with regard to the new sections 150A and 150B, I would like to comment upon their efficacy and application.

Under section 150, obscenity is defined as follows:

> For the purposes of this act, any publication a dominant characteristic of which is the undue exploitation of sex, or of sex and any one or more of the following subjects, namely, crime, horror, cruelty and violence, shall be deemed to be obscene.

I believe it is very difficult to give of obscenity a definition which covers all its characteristics and to set up remedial measures which are both objective and subjective.

This definition has been adopted elsewhere and judges have interpreted it and found it satisfactory. I am not proposing that it be changed, but I would like to point out that it will not prevent reviews and magazines which carry several articles from publishing obscene, unwholesome and immoral material because, in such case, the dominant characteristic of the publication is not the obscene article, since it is the only one out of ten or twelve; therefore, such material not being the dominant characteristic, it is undeniable that reviews and magazines cannot be found guilty of obscenity for the sake of one or two articles appearing therein.

Hon. Mr. Vaillancourt: May I be allowed to point out that according to the amendment made yesterday, the word "a" dominant characteristic has been substituted for "the" dominant characteristic.

Hon. Mr. Bouffard: In my opinion, it makes no difference; if in a publication containing eight, ten or twelve articles on science, medicine, finance or sport, you slip in an immoral or obscene one, the latter article cannot be considered as a dominant characteristic. You may find in a book which treats predominantly of medecine or literature an obscene article, which it would be very difficult to consider as the dominant characteristic of the book. Well, where you have one immoral or obscene article out of eight or ten in a magazine, I feel this definition of obscenity will not be sufficient to allow the banning of the magazine as obscene.

In France today, as in other countries, you find volumes containing the entire production of an author. Some of these books, which run to one thousand or fifteen hundred pages, contain all the works of an author, one of which may be absolutely immoral. But, as this is not the dominant characteristic of the book, I do not think it could be judged to be obscene because of the obscenity which appears in some of its pages.

The difficulty might easily be removed by providing that if a book dealing with several subjects contained any forms of obscenity

mentioned in article 150, the whole book could be declared immoral or obscene. In this way, there would be no doubt whatever that the magazines and publications against which section 150 is directed would come under that section.

Hon. Mr. Connolly (Ottawa West): Is there a definition of the word "publication"?

Hon. Mr. Bouffard: No, there is none in the new amendments. I believe these publications include photographs and accompanying material. Some books, published by editors who are not over-scrupulous, carry on the cover a picture which is obviously obscene. Will that come under section 150? I do not think so. In my opinion, pictures which may appear in a magazine or publication or on the cover thereof do not come under the purview of section 150.

I suggest that section 150 should be amended so that, if any part of a publication or book dealing with several subjects includes one which is manifestly obscene according to section 150, the whole work could be banned; thus it would extend to such books, or publications which include several articles, as well as to objectionable covers.

Hon. Mr. Macdonald: That should be discussed in committee.

Hon. Mr. Bouffard: I believe it should be discussed in committee, if we want to be able to convict these magazines and publications which give rise to most of the complaints as well as such works as pocket books, cheap editions which are sold on news-stands, the covers of which are manifestly unwholesome.

The second point to which I would like to draw the attention of the Senate is the following. The procedure provided is new. It is sufficient, I believe, to produce an affidavit before a judge of the Superior Court of the province of Quebec to the effect that, in the opinion of the person producing such affidavit, the book is unwholesome. And then, what happens? Let us refer to section 150A(2)

> Within seven days of the issue of the warrant, the judge shall issue a summons to the occupier of the premises requiring him to appear before the court and show cause why the matter seized should not be forfeited to Her Majesty.

And paragraph 3 says:

> The owner and the author of the matter seized and alleged to be obscene or a crime comic may appear and be represented in the proceedings in order to oppose the making of an order for the forfeiture of the said matter.

That is called an *ad rem* procedure. And so it is, up to a certain point. Why is a summons issued? Why not proceed in the following manner: when a book is submitted to a judge as being immoral, why would it not be sufficient for a judge to have his decision printed in the official *Gazette*, to the effect that such a book was seized at such a place, and asking all concerned to appear in court to express their opinion? This would include authors, printers, and distributors who are only too happy to distribute obscene books through news-stands and bookshops throughout Canada. The invitation would be extended to all interested parties, authors, printers or distributors, who could all come before the judge and show, if necessary, that the publication is not obscene.

What is going to happen under this procedure? Let us have no illusions. Suppose that in the province of Quebec, in the Gaspé district, for instance, publications are seized. What happens next? The judge summons the local distributor. I might say that in Gaspé the Superior Court sits only once or twice a year. Imagine the delay. Then again, the book is seized only in Gaspé and it cannot be seized elsewhere in Canada except with the permission of the Attorney General of the province. In my opinion, such a procedure will lead nowhere. Because the seizure was made in Gaspé, it cannot be made in Quebec, or Montreal or elsewhere without special permission from the Attorney General.

Hon. Mr. Connolly (Ottawa West): Why?

Hon. Mr. Bouffard: Because section 150A(7) of the act says so.

> Where an order has been made under this section by a judge in a province with respect to one or more copies of a publication, no proceedings shall be instituted or continued in that province under section 150 with respect to those or other copies of the same publication without the consent of the Attorney General.

Well, I say that when you have made a seizure in one place in the province, you cannot make another anywhere else in the province.

Thousands of copies of the publication may have been distributed throughout the province, but only at one place can they be seized and removed. I say that the authors will deliberately have them seized in some remote district so that they can be distributed in the other districts of the province. There is nothing anyone can do. The Attorney General is not going to issue four or five thousand warrants in the province. The pro-

cedure is not realistic. The practical way would be to publish in the official *Gazette* a notice of seizure and to give the Attorney General the right to prohibit publication and distribution of the book for a definite period or until judgment is rendered. That is the only practical way, if we want to do away with these objectionable books to be found on the stands. What difference can it make to a publication issued every week or every month when there is a seizure at Gaspé but nowhere else? As judgment will not be given before a couple of years, distribution will go on unhampered.

Let us be practical and let the Attorney General, through the official *Gazette*, prohibit the distribution or possession for sale of books which have been seized anywhere in the province because of their obscene nature. He would not have to make a seizure but he could do so if he believed that it was in the interest of the people and of public morality. Under the proposed procedure, these publications could be sold in all the book-stalls of the province where no seizure had taken place. There may be four, five, ten thousand copies. I submit that such a procedure would be more realistic than the one proposed in this bill.

That, honourable senators, is all I had to say on this subject, which is of vital importance. If we really mean to fight obscene literature, we need a practical measure under which action can be taken rapidly. We would thus, in a very short time, put a stop to the distribution of obscene publications in Canada, and that is what we want to do. The committee should amend the act in such a way as to stop the sale of this subversive literature which is so harmful to our youth. Let us act before its corrupting influence has gone too far.

Hon. Mr. Vaillancourt: Just a word. According to your argument, it would seem that the act would give the opposite results to what is expected of it. Because if a seizure is made in Gaspé, it will be used as publicity to sell such obscene literature everywhere else in the province.

(Text):

On motion of Hon. Mr. Roebuck, debate adjourned.

The Senate adjourned during pleasure.

At 5.40 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Patrick Kerwin, P. C., Chief Justice of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Honourable the Deputy of the Governor General was pleased to give the royal assent to the following bills:

An Act for the relief of Maurice Castonguay.

An Act for the relief of Iris Marion Saunders Robbins.

An Act for the relief of Eleonora Dudarowa Shukoff.

An Act for the relief of Jeannette Belanger Ross.

An Act for the relief of Evelyn Isbitsky Goldenberg.

An Act for the relief of Salla Weisman Stopnicki, otherewise known as Sally Weisman Stopnicki.

An Act for the relief of Ovila Rivet.

An Act for the relief of Bella Valinsky Segal.

An Act for the relief of Alexander Pavlovich.

An Act for the relief of Catherine Anne Gillis Roper.

An Act for the relief of John Robertson Low.

An Act for the relief of Barbara Ann Foam Armstrong, otherwise known as Barbara Ann Foam Copan.

An Act for the relief of Ruth Mary Morgenstern Usher.

An Act for the relief of Eddie Ronald Joe Willard.

An Act for the relief of Michel Alphonse Dubois.

An Act for the relief of Phyllis Ann Applebaum Isenberg.

An Act for the relief of Zita May Pardoe McCall.

An Act for the relief of Monique Andree Seguin Tyson.

An Act for the relief of Bertha Sylvia Berman Maxwell.

An Act for the relief of Margery Fletcher Dennis Phillips.

An Act for the relief of Margaret Helen Dawson MacKenzie.

An Act for the relief of Eleanor Gwyneth Henley Norman.

An Act for the relief of Marie Pauline Primeau Landreville.

An Act for the relief of Ellen Wilk Tuke.

An Act for the relief of Rhoda Lillian Rabinovitch Katchan.

An Act for the relief of Roger Myre.

An Act for the relief of Lee Dacks Moscovitch.

An Act for the relief of Lillian Goldbloom Howard.

An Act for the relief of Giovanni Cavallero.

An Act for the relief of Lorna Frances Hutchinson Kerr.

An Act for the relief of Jessie Balfour Mains McCartney Manson.

An Act for the relief of Guy Charbonneau.

An Act for the relief of Meade Alexander Morgan.

An Act for the relief of Carol May Campbell Williams.

An Act for the relief of Adela Hawthorne Pattison.

An Act for the relief of Samuel Currie Millar.

An Act for the relief of Helen Mary Margeson Ransome Scudamore.

An Act for the relief of Claire Anna Theresa Verdon Monette.

An Act for the relief of Constance Edna Medcalfe Blood.

An Act for the relief of Norma Margaret Martin Raymo.

An Act for the relief of Audrey Barrasford Milburn.

An Act for the relief of Sandra Stoll Goldenberg.

An Act for the relief of Edith May Driscoll Jeffrey.

An Act for the relief of Joyce Ethel Commerford Brewster.

An Act for the relief of Hirsch Glaser.

An Act for the relief of Maria Gagne Cote.

An Act for the relief of Gail Patricia Northrup Brazauckas.

An Act for the relief of Gilbert Forest.

An Act for the relief of Yvon Poulin.

An Act for the relief of Karl Wilhelm Oskar Bartels.

An Act for the relief of Joseph Aime Paul Guy Genest.

An Act for the relief of Allan Ray Wright.

An Act for the relief of Michael Kalabiha.

An Act for the relief of Joyce Ann Breaker Lee.

An Act for the relief of Zina Goffman Filler.

An Act for the relief of Omula Karnitis Rakauskas.

An Act for the relief of Joseph Bernard Alberia Gustave Lahaise.

An Act for the relief of Michael Palangio.

An Act for the relief of Grace Evelyn Heggtveit Richter.

An Act for the relief of Ross Kevin Ladd.

An Act for the relief of Georgina Horne Parsons.

An Act for the relief of Esther Paula Beernaert Martindale.

An Act for the relief of Audrey Bruce Laborgne.

An Act for the relief of Timothy Allan Moran.

An Act for the relief of Antonio Choma.

An Act for the relief of Helen Ruby Riley Onions.

An Act for the relief of Simone Alberta Chretien Welsh.

An Act for the relief of Edward John Mendelsohn.

An Act for the relief of Marcus Gilmour.

An Act for the relief of Joyce Rosemary Hudson Plam.

An Act for the relief of Bernard Lawrence Boire.

An Act for the relief of Marie Madeleine Marielle Faust Morin.

An Act for the relief of Ruth Georgina Potts Dobie.

An Act for the relief of Patricia Burnell Fraser Rosensweig.

An Act for the relief of Dawn Jean McKenzie Barr.

An Act for the relief of Helen Ann Kovach Ujvary.

An Act for the relief of David Scott Brown.

An Act for the relief of Doris Margaret Turner Smiley.

An Act for the relief of Angelo Ciamarro.

An Act for the relief of Gustave Rene Gosselin.

An Act for the relief of Marie Berthe Jeannine Quesnel Patenaude.

An Act for the relief of Mary Athanas Copis.

An Act for the relief of Greta Libenstein Goldfeder.

An Act for the relief of Andre Maurice Petit.

An Act for the relief of Jean Huard DeRoberval.

An Act for the relief of Juanita Patricia Hamilton Long.

An Act for the relief of Benjamin Gordon Davidson.

An Act for the relief of Margaret Isabella MacKellar Thomas.

An Act for the relief of Philip Joseph Kelly.

An Act to amend the Judges Act.

An Act to make provision for the reduction of certain class and commodity rates on freight traffic.

An Act to amend the Excise Tax Act.

An Act respecting The Roman Catholic Episcopal Corporation of Prince Rupert.

An Act to amend the Prime Minister's Residence Act.

An Act to amend the Bretton Woods Agreements Act.

An Act to amend the Federal-Provincial Tax-Sharing Arrangements Act.

An Act to implement a convention between Canada and the Republic of Finland for the avoidance of double taxation with respect to income tax.

An Act respecting the testing, inspection and sale of seeds.

An Act to mark the occasion of Her Majesty's visit to Canada by providing for the establishment and administration of a Fund to Aid in Research on the Diseases of Children.

An Act to amend the Length and Mass Units Act.

An Act to amend the Weights and Measures Act.

An Act to amend the Export Credits Insurance Act.

An Act to incorporate The Free Methodist Church in Canada.

An Act to amend the Prisons and Reformatories Act.

An Act respecting the adjustment of certain public service pensions.

An Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System for the period from the 1st day of January, 1959, to the 30th day of June, 1960, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

An Act to amend the Farm Improvement Loans Act.

An Act to amend the Veterans' Land Act.

An Act respecting the superannuation of members of the Royal Canadian Mounted Police.

An Act respecting the superannuation of members of the Canadian Forces.

An Act to amend the Unemployment Insurance Act.

The House of Commons withdrew.

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

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, July 9, 1959

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

Prayers.

DOCUMENT TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following:

Report of the Auditor General on the audit of the accounts of the National Capital Commission for the year ended March 31, 1959, together with the financial statements for the year, pursuant to section 87 of the Financial Administration Act, Chapter 116, R.S. 1952. (English text).

CRIMINAL CODE BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Hnatyshyn for the second reading of Bill C-58, to amend the Criminal Code.

Hon. Arthur W. Roebuck: Honourable senators, I think my first words in addressing myself to this bill should be to congratulate the honourable senator from Saskatoon (Hon. Mr. Hnatyshyn) upon the very excellent service he rendered yesterday afternoon in laying before his fellow senators the facts concerning this piece of legislation. The senator from Saskatoon is a comparatively new member of our body—this is his first session—but he has already established a reputation among us for his knowledge of our rules and practices. He is a member of a standing committee of which I have the honour to be chairman, and I value very highly his presence and services on that committee.

The honourable senator said that in a bill of this kind it is difficult to find some general principle that we should discuss on second reading, but that instead we have to consider a long succession of individual sections. While that is so, there is nevertheless a general principle that runs through all legislation of this character. I may say, somewhat jocularly, that we are all opposed to sin and on the side of righteousness. That is the general idea of the Criminal Code. Moreover, do not forget that the Criminal Code is a great charter of human freedom and liberty. In that regard, it is unfortunate that it is phrased in the negative from the first section to the last. "Thou shalt not . . ." is the tenor of each one of the sections. But, of course, when we say "Thou shalt not steal" we also say that the citizens of Canada shall not be stolen from. We have set it up as a right that the citizen may live in a society without having any of his belongings pilfered by his neighbours. When we say "Thou shalt not murder," we are in effect saying that the citizen of Canada has a right to live without being murdered and we will take such steps as we can to protect him in that respect.

So the Criminal Code is a great statement of human rights and security, assuring the citizen the right to live in peace and amity with his neighbours and to live out his life as a good citizen. It is a principle that runs through this bill in a general way, and one that we can discuss on second reading. We in this house will take care of the detail to the extent of our ability to do so.

Much of the bill before us deals with procedural matters and requires no discussion on second reading, although that part should be carefully reviewed in committee, as I am sure it will be. There are, however, a number of clauses in the bill which I think are open to comment of some kind, and upon which I would like to make some observations.

The first that comes to my attention is clause 3, which deals with offences committed on aircraft, including such a crime as murder in the air. This clause in the bill recognizes, for the first time, I think, the right of Canada to enact criminal legislation of an extra-territorial character. When the British North America Act was passed Canada was given very limited territorial jurisdiction. It was thought at that time by the best informed lawyers here that our jurisdiction was limited to Canada and the three-mile limit, and it was for that reason that we enacted the peculiar sections in the Code with regard to bigamy. We thought that we did not have the right to legislate against bigamy committed abroad. The imperial Parliament did have that right, and bigamy committed in France, for instance, by a British citizen could be prosecuted in England, and was frequently prosecuted. We felt we had not the power or the jurisdiction to legislate against bigamy committed in, say, the United States, yet when Canadian citizens went to the United States for the very purpose of committing bigamy they were doing something which was repugnant to Canadian citizens. So we made it a crime to leave Canada for the purpose of committing bigamy abroad.

Notwithstanding the fact that the Statute of Westminster has been in effect since 1931 we have never changed that legislation, although I am sure we could. We let it stand in that way because it worked. This clause, honourable senators, does purport to legislate with respect to a crime committed abroad by a citizen of Canada who boards an aeroplane,

passes over the borders of Canada and commits an offence elsewhere; or an offence committed by any person, Canadian citizen or otherwise, upon an aeroplane bound for Canada and which terminates its flight in Canada. It is perfectly obvious that it is morally right for us to legislate in that regard.

Honourable senators, I entirely approve of this clause. I do not think there should be any debate whatsoever in connection with it. We should pass it. If by chance it is found that in passing it we have exceeded our territorial jurisdiction then, of course, the courts can tell us so.

The next is clause 4, under which power is to be given to the proper authorities to grant bail on Sundays and statutory holidays. I am not aware that in my city of Toronto people have been kept in jail over a Sunday because of lack of such power.

Hon. Mr. Aseltine: They have in Saskatchewan.

Hon. Mr. Roebuck: Whether or not that has happened in Toronto or in Saskatchewan, it seems to me it is very salutary indeed that we should pass this legislation. Honourable senators will remember the parable of the man who pulled an animal out of a pit on the Sabbath. It was said that the Sabbath was made for man, not man for the Sabbath. If a person is in jail and not yet convicted, it is right that he should be admitted to bail immediately, whether on the Sabbath or not. If the police can arrest on the Sabbath, I think we can grant bail on the Sabbath. As a matter of fact, bail is a very important feature of our criminal administration. One will find in the Bill of Rights of William and Mary a provision that inordinate bail shall not be imposed, thus recognizing the right of the individual to bail until he has been proven guilty of charges laid against him.

I would say a word about clause 5. It has to do with possession of imitation weapons. A person carrying a toy pistol enters, say, a bank, store or service station and demands money at the point of such instrument. There has been no legislation against that except in so far as it has been considered a threat of violence, an attempt at robbery, and so forth. But now there is to be a specific ban against using an imitation of a deadly weapon for extortion or some other such purpose. I suppose we will carry this provision unanimously.

In clause 6 there is a provision requiring registration of the passing of a firearm by loan, as there now is in the case of the purchase or gift of a firearm. This is a very dangerous thing to lend at any time. I remember an old saying that a man should not lend his dog, his gun or his wife. It is a very sound proposition. One who lends a gun takes a great responsibility. Although this clause may cause some difficulty in the matter of registering firearms that are being lent by one person to another, I think it is a very good provision.

Clause 9 is not quite so clear. It has to do with carnal knowledge of a female child between 14 and 16 years of age. Apparently some difficulty has been encountered in our courts because in the past the section has required the prosecution to show the accused male was wholly or chiefly to blame. I see in the explanatory notes to the bill a reference to the case of *Regina v. Wiberg* (1955), 113 C.C.C. 257, in which case a judge says:

> —if the trial judge was of opinion that the accused was "chiefly to blame", he could not acquit him, but the interpretation involves consideration whether he could, in arriving at such conclusion, ignore the effect of the words "wholly to blame". I think not. In my view, the two expressions are so related that "chiefly to blame" is restrained in its meaning by the use of the words "wholly to blame" to the extent that the degree of blame of which the accused must be guilty is greater than that of being merely more to blame than the girl seduced.

So as to meet that objection from the bench, we are proposing to change the words "the accused is wholly or chiefly to blame" to read, "the accused is more to blame than the female person". Perhaps that would improve the section; I do not know. However, it does raise in my mind the question as to how much blame an adult man would incur in having carnal knowledge of a child of 14 to 16 years of age. If there is any blame, I do not know why he should be acquitted. It may be that both are to blame, but that does not in any way affect the person accused. If the young woman is to blame, she may be dealt with, but she is not under consideration except as a witness or as a victim, when an accusation is laid in court under this section. The section might very well be reconsidered, not just to clarify it, as perhaps has been done to some extent in saying that the man must be more to blame than the female, but I think it would be better to say that the relative degrees of blame may be assessed by the court, and if there is any blame found on the part of the man, then the accused should not be acquitted; he should be convicted of something.

Clause 10 has reference to carnal knowledge of a young woman between 16 and 21 years of age. What I have said with regard to the previous clause applies here as well.

Honourable senators, we now come to the very much discussed clause with regard to obscenity. I do not wonder that it has been as much discussed as criticized. May I commence my remarks in regard to this particular

clause by making some general observations? The first is that great caution should always be exercised in drafting legislation which interferes with freedom of speech and freedom of publication. I say that great care should be exercised. I do not say that we should not legislate, but we should do so with the utmost caution, otherwise we run the risk of laying the foundation of that official domination over thought and expression which is the curse of some countries with which we are familiar. On the other hand, freedom of expression and freedom of publication must not be allowed to become a matter of licence. Freedom must always be exercised with judgment and care by those who are free, lest they interfere with the equal rights of their fellow men. But gag law of any kind has no place in a democratic society. Censorship of literature can be made to mitigate against the thinking processes of the community. Legislation against freedom of speech and publication in an attempt to curb certain evils may easily create evils greater than those sought to be suppressed. So, while I am not denouncing all regulation of speech and publication, I say that great care should be exercised by the drafters of legislation designed for that purpose. Suppressive laws administered by bigots, by busybodies, and by over-zealous policemen can do a very great deal of harm in any community. Honourable senators, with that approach to the subject, which I trust you have understood and not misunderstood, let me say that we are all opposed to obscenity. There is no argument among us in that regard. We are all prepared to do what we can to suppress obscene literature according to each one's definition of that matter.

This is not the first time by any means that legislation of this kind has come before this chamber. We have most stringent laws with regard to obscenity on the statutes now. I will read from section 150 of the Criminal Code—not all of it, because there is a good deal on this subject. The opening sentence reads as follows:

> Every one commits an offence who (a) makes, prints, publishes, distributes, circulates, or has in his possession for the purpose of publication, distribution or circulation any obscene written matter, picture, model, phonographic record or other thing whatsoever,—

That is very sweeping—"any obscene written matter". Observe that so far there is no definition of what is obscene or what obscenity means; but farther down the section goes on to say:

> No person shall be convicted of an offence under this section if he establishes that the public good was served by the acts that are alleged to constitute the offence and that the acts alleged did not extend beyond what served the public good.

We have had a good deal of experience with this legislation regarding obscenity and the effort to suppress that which is evil while not suppressing that which is not evil or sufficiently evil to justify communal action. I refer, as did my friend from Saskatoon (Hon. Mr. Hnatyshyn), to the definition of obscenity in the case of *Rex V. Hicklin* (1868), 3 Queen's Bench Reports, 360, at 371. It has been read but it is only a sentence and I shall read it again, because this is the outstanding definition of obscenity recognized in our courts and I think it is well worthy of consideration. The judge says:

> I think the test of obscenity is this, whether the tendency of the matter charged as obscenity is to deprave and corrupt those whose minds are open to such immoral influences and into whose hands a publication of this sort might fall.

Note the tremendously wide and sweeping character of that statement. It is a statement with which we can all agree. That which is obscene is what may deprave or corrupt those whose minds are open to such immoral influences and into whose hands a publication of this sort might fall.

That would cover sex and many other things besides sex, because all sex is not obscene nor indeed is all obscenity sexual. There is much else besides sex that may be exceedingly obscene.

There is another reference that I would like to make. It is a very well-known case in the United States District Court of New York City—this, I know, is not Canadian law, but I would like to observe that we in Canada are coming to consider American law much more frequently and to hold it in much greater respect in recent years than we did in the past. American decisions are being quoted in our courts much more freely than they were some years ago. In this case Judge Woolsey made this statement:

> —Of course, in any case, where a book is claimed to be obscene it must first be determined whether the intent with which it was written was what is called, according to the usual phrase, pornographic, that is, written for the purpose of exploiting obscenity.

I call your attention particularly to this phrase "exploiting obscenity"—not exploiting sex, but exploiting obscenity, which, as I just said, may be sexual or may not be sexual.

May I once again observe that there is no attempt in our statutory law to define obscenity. That in the past has been left to the good sense of judges and jurors, and I think the authority which I have quoted would seem to indicate that leaving it to the court was not a mistake.

Honourable senators, if there is in circulation in Canada, as I expect there is, a large amount of literature which some people regard as obscene, the fault lies not in the comprehensive character of our statutory enactments or their interpretation in the courts, but rather in lack of action by those who are charged with the duty of enforcement. It may be, of course, that the critics have not always succeeded in marshalling public opinion behind them—that is to say, the opinion of the mass of our citizens. There are a good many people who regard those who would travel from gallery to gallery pinning fig leaves on nudes and statues as prudes and busybodies. Perhaps they are right.

Now let me return to the bill. This is the wording of the proposed amendment:

11. Section 150 of the said act is amended by adding thereto, immediately after subsection (7) thereof, the following subsection:

"(8) For the purposes of this act, any publication a dominant characteristic of which is the undue exploitation of sex, or of sex and any one or more of the following subjects, namely, crime, horror, cruelty and violence, shall be deemed to be obscene."

You will notice, gentlemen, that it does not talk about exploiting obscenity. It talks about exploiting sex.

Now the definition of "exploiting", according to the dictionary, is "making use of" or "obtaining the value of". That is exploiting. But what is wrong with making use of sex, even in a book? Every novel that I have ever read makes use of sex from page one to the very last chapter, in which we are told that the young couple lived happily ever after. If the author does not make use of sex pretty much all the way through the book, the book is no good as a novel and it will not be read. What is the matter with sex?

Hon. Mr. Macdonald: Are you going to refer to the word "undue"?

Hon. Mr. Roebuck: What is undue sex? I will come to that in a moment. Just give me time.

It is not necessary that sex be dominant to make it objectionable. If the reference to sex is of a character that it would deprave and corrupt, it does not make any difference whether it is dominant in the book or whether it is, as usual, found on just two or three pages and the balance quite inoffensive.

Hon. Mr. Hnatyshyn: Would the honourable senator permit a question? Would the honourable senator concede that this definition does not supersede the definition given by Judge Cockburn in the case of *Rex v. Hicklin*?

Hon. Mr. Roebuck: No, I do not concede that. I am going to come to that in a few minutes, because I think we should make it fully clear when we come to consider this in committee that this is an addition to, and not a substitution for, the law we already have. But there is nothing in the section that says that. That is left to be assumed and it may possibly be so assumed by the courts, and it may not. We should take no chances on that point.

My next observation is that in my judgment the drafters of this clause have made the mistake of failing to distinguish between sex and obscenity. Whether sex comes in small doses or big doses, sex is not obscene. Sex is perfectly clean and around it clusters the highest ideals and the purest sentiments. I do not care whether the whole book is full of it or just one page, sex is perfectly all right. I do not suppose anybody in Canada has had more to do with sex questions than I have in the last six months. We have tried no less than 360 divorce cases, in which sex has been discussed with the utmost frankness and freedom. Has it affected us? Why, not at all. Sex is clean; sex should be open to discussion, because it is one of the great master principles that govern the human race, and the animal kingdom and the vegetable kingdom as well. Sex runs through our entire living structure. It is in the mind of everyone practically all the time. So let us not legislate against sex, whether it be in large or small quantities, whether it be dominant or subservient.

What we should be legislating against is the perversion of sex. What is objectionable is the perversion of the sex principle in human life. The cleanliness of sex does not depend upon quantity or dominance. The attitude of the speaker, the surrounding circumstances, a mere inflection of the voice, a laugh or a leer, and something that would otherwise be perfectly sweet and clean becomes dirty, foul and disgusting. That is why it is so difficult to draw distinctions in written documents between what is clean and what is obscene.

I have already made the comment that not all sex is obscene, and not all obscenity is sexual. Yet, in the definition in this bill all else but sex is excluded. Anything which corrupts is obscene, and should be legislated against to the extent of our ability to control it. Murder and brutality may become obscene when described in publications or by pictures. I sometimes shudder when I see my little grandchildren with their eyes glued to the television, watching a western story of murder and rapine, with cruelty and brutality exhibited realistically. I shudder at the thought of little children becoming enured to violence and brutality and having imprinted on their minds a world of lurid unreality. Is that not obscenity? Of course it is, and it should be included in any definition

of obscenity although it does not involve sex at all. The definition uses the words:

—or of sex and any one or more of the following subjects, namely crime, horror, cruelty and violence—

Why is it necessary to associate sex with any one of those things to make them obscene and such that we should legislate against them?

My honourable friend from Saskatoon (Hon. Mr. Hnatyshyn) asked whether this provision adds to the law of Canada as expressed in the Criminal Code, or whether it takes the place of law already enacted. Plainly, I do not know. The subsection reads "For the purposes of this act..." and then follows what seems to be an all-inclusive definition of obscenity in our legislation. I do not think that was intended by the drafters of the bill. But this clause in the bill is badly drawn, and shows lack of thought and consideration, and it may well be that such was the intention of the drafters. Whether it was or was not, we should never let it get by us, so as to set aside the legislation which has already been enacted and which has been fairly successfully administered for a considerable number of years.

Let me read section 11 again:

For the purposes of this act, any publication a dominant characteristic of which is the undue exploitation of sex, or of sex and any one or more of the following subjects, namely, crime, horror, cruelty and violence, shall be deemed to be obscene.

Honourable senators, it is obvious from the reading of that subsection that the exploitation of sex, or of sex with any one or more of the enumerated subjects, is to be quite all right. It is when it is "undue" that it becomes a criminal act under this subsection. It is a matter for the judge and jury to determine, as to whether it is or is not undue.

So, the definition defines almost nothing. It leaves us very much in the place where we were before, except that it muddies the water; it has made it more difficult to understand, rather than clarifying the subject. It leaves the question to the judge to say what is undue in the matter of sex.

My chief criticism of this subclause is not the difficulties that it places upon the courts, but rather the wrong conception that one finds in it. The drafters have substituted "sex" for "obscenity". Obscenity is much broader than sex. It now becomes a question of determining what is "undue" exploitation of sex. We have to go through all the court proceedings again to get definitions such as I have read to you—to find out what is "exploitation" of sex, and what use of sex is "undue". My own thought is that no matter how great the use may be, sex is still clean and sweet so long as it is not perverted. It is perversion that we should be legislating against, not sex in the shallow description given in this clause.

I am sure this question will be further discussed in committee, and I hope clarified. For my own part, I think the law as it stands would be better left alone. This proposed amendment does not help us. Indeed, it does exactly the reverse: it muddies instead of clarifying the waters.

While my criticism of the section is severe I still compliment the minister on the attempt he has made to clarify the subject. He has not been successful; I think he has been unsuccessful, but I compliment him on the effort he has made, and I think that we in this mature chamber, who know something about the subject, would do well to report it back to him for further thought and consideration. That is all I have to say on that subject.

There are a few more clauses. They are not so important or very interesting. In clause 14 the transmission of information in regard to book-making, pool-selling, betting and that sort of thing by radio is made an offence. The word "radio" is added to the words "telegraph, telephone, mail or express". That is merely bringing us up to date. Radio is becoming more and more important, and so is television. I do not know why the word "television" was not added as well. Television is becoming more and more important as a means of communication, and we should include it.

In clause 15 there is a provision in regard to the very much discussed use of chemical analysis, particularly with respect to cases of drunken or impaired driving. This proposed new subsection reads:

In any proceedings under section 222

That is the section which deals with driving while intoxicated.

or 223

That is the section dealing with driving a motor car while one's ability to drive is impaired.

—a certificate purporting to be signed by an analyst stating that he has performed a chemical analysis on the blood, urine, breath or other bodily substance of a person and stating the results of his analysis or examination is *prima facie* evidence of the facts stated in the certificate without proof of the signature or the official character of the person by whom it purports to be signed.

That is not an unusual provision. A document of that kind when laid before a court is accepted as *prima facie* evidence unless it is attacked by the opposite party, and, in order that the opposite party may have the opportunity of attacking, he must be served with a copy of it seven days before the opening of the trial. That is all right, but it does

seem to me that the official character of the person who signs the analysis should be stated in the document. The only person who has a right to sign such a document is somebody designated as such by the Attorney General of a province in which the prosecution takes place, and I think we should add to that that his official character shall be stated in the document as well as the appending of his signature. It would do no harm, and it might help to prevent fraud.

There is a provision here making it illegal for a newspaper to publish an admission or confession made public in a preliminary inquiry. With that I am heartily in accord. Confessions have caused us more trouble than any other single incident in the tracking down and convicting of persons accused of committing crimes. It may be that a confession which is heard at a preliminary inquiry will not be admitted at the trial. It may be inadmissible as evidence and yet accepted by a magistrate at a preliminary inquiry. I heartily approve of this clause which provides that a confession or admission shall not be published, because if published it may remain in the minds of those who later become jurors, and although it is not admissible it may actually play an unseen though unspoken part in the trial.

This raises in my mind the whole question of confessions. I do think the time has come when we should prohibit the use of confessions secured from people after they have been arrested. This type of confession is most questionable. The person who is said to have made the confession often claims that his admissions have been forced from him, and the police almost invariably deny that any pressure was applied. Just how much pressure was applied, if any, none of us can know. I think we should say to the police: "If you are going to use a confession, let it be secured before you have the subject of the confession in your power and under your control". It would be salutary to do that. However, that is not in this bill.

There is a revision here which allows the magistrate to determine that a case should be tried by indictment—that is, before one of the superior courts—at any time before the defence has been entered upon. In the past, the magistrate used to be able to do that with respect to both indictable offences and summary conviction offences, but there was some change in the Code, as I understand it, which left the magistrate with this power only in regard to summary conviction offences, and took it away in regard to indictable offences. I see no reason for doing that, and I believe it is right to restore that power to the magistrate, as is being done in this bill. Clause 24 raises a question which we are going to have to consider here and elsewhere. It reads:

> On the trial of an accused for an indictable offence the evidence of the witnesses for the prosecutor and the accused and the addresses of the prosecutor and the accused or counsel for the accused by way of summing up shall be taken.

That has not been the practice in the past in our criminal courts. I know in my own practice I have encountered great difficulty in that regard. I remember one particular case that I was defending where the Crown counsel made a statement to the jury which to my mind was entirely improper, and upon which I later appealed to the Court of Appeal. As soon as he made the statement, I asked that it be taken down, but the judge replied that the court reporter was under no obligation to take it down, and in fact he did not do so. The result was that I had to try to prove in the Superior Court the expression used by the Crown prosecutor by way of affidavits given me by those who heard the statement. That is all wrong. The addresses of the prosecutor, the judge and the defence counsel are all part of the trial and should all be made of record. I therefore approve of this provision very highly.

Hon. Mr. Dupuis: Are those addresses not reported in the Exchequer Court and in the Supreme Court?

Hon. Mr. Roebuck: They may be reported in the Exchequer Court, but not in the Supreme Court, the trial court. Perhaps I am out of date, but if something has been changed in that regard I have not heard of it.

Hon. Mr. Choquette: I am still practising law and I can assure my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) that the addresses are not taken down in the Supreme Court.

Hon. Mr. Macdonald: It is usually done on request.

Hon. Mr. Roebuck: Usually, but not always, and sometimes the request is refused, as it was in my case. I approve of this amendment. Let the addresses be taken down. Then we come to the difficulty of the availability of stenographers who are capable of this work. Honourable senators, all the courts are not so fortunate as we are in having very highly trained and skilful reporters. We have men quite capable of taking down, anything, but it is not so throughout the dominion of Canada. So there is this further provision, that the addresses of the prosecutor and the accused or counsel for the accused by way of summing up shall be taken:

> (a) by a stenographer in accordance with the provisions of Part XV relating to the taking of evidence by stenographers at preliminary inquiries,—

That is all right when you have such a person capable of doing it—

(b) in a province where a sound recording apparatus is authorized by or under provincial legislation for use in civil cases, by the type of apparatus so authorized and in accordance with the requirements of the provincial legislation.

That introduces for the first time the use of mechanical means for the recording of evidence. I feel that owing to the decline in the number of men capable of reporting evidence and the increase in the number of trials being held, together with the lack of enthusiasm on the part of young men to surmount the difficulties of shorthand, something of this nature must be done. It does seem to me that any record of a court or of a legislative chamber such as this must be strained through the mind of a trained hearer so that he may exclude things that are of no value and put in order things that are of value. You cannot get away from the human factor in the making of a record of this kind.

Honourable senators, before closing I would like to revert to the question of obscenity. There is a provision here that is exceedingly good: a publication which is considered by the authorities to be obscene may be seized and taken before a court where the question of whether or not it is obscene may be decided by persons capable of so doing. That is good, for when an allegedly obscene article comes before the courts in the ordinary way there are two questions to be decided. First, the character of the article and, second, the culpability of the person in whose possession it was found. When you put the article on trial you separate that from considerations with regard to the guilt of the accused. If you determine that it is obscene, then the individual who had it in his control has been given a warning. Usually that will be all that is needed. I think this will be a most useful addition to our law in regard to obscenity.

There is just one other matter I wish to deal with, and I shall then thank you for the patience with which you have heard me. I refer to the giving of time for the payment of fines. That is a reform long overdue.

Hon. Mr. Aseltine: I agree.

Hon. Mr. Roebuck: The honourable Leader of the Government (Hon. Mr. Aseltine) agrees with me. No doubt he too has had some experience in the criminal courts where fines were levied upon people who did not have the money with which to satisfy them.

Hon. Mr. Aseltine: The rich and the poor.

Hon. Mr. Roebuck: Yes, there has been a distinction between the rich and the poor, and that disparity should not be increased voluntarily by us, of all people. The sentence is usually a fine of so much and in default of payment of the fine a prison term. So the prison term is imposed, not as a penalty for the offence charged but for non-payment of the fine. That is all wrong. Here we are going to give time for making payment. This will ease the burden on the poor man and decrease to a small extent at least that disparity which exists between himself and the rich man. We all favour that type of legislation.

Honourable senators, I thank you for the patience with which you have listened to me.

Hon. Cyrille Vaillancourt: Honourable senators, in his speech the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) spoke on sex matters. I would be happy to say "Vive le sexe," but if sex is abused it can bring harmful results.

Honourable senators might expect that I would have something to say about clause 11, which provides a definition of obscenity. It amends section 150 of the Criminal Code by adding a new subsection, as follows:

(8) For the purposes of this act, any publication a dominant characteristic of which is the undue exploitation of sex, or of sex and any one or more of the following subjects, namely, crime, horror, cruelty and violence, shall be deemed to be obscene.

This subsection refers not only to sex, but to such subjects as crime, horror, cruelty and so on.

I want to make a few comments on clause 12, which provides a procedure for seizing copies of obscene publications. It adds to section 150 of the act a new section 150A, subsection (1) of which reads as follows:

A judge who is satisfied by information upon oath that there are reasonable grounds for believing that any publication, copies of which are kept for sale or distribution in premises within the jurisdiction of the court, is obscene or a crime comic, shall issue a warrant under his hand authorizing seizure of the copies.

Our colleague from Grandville (Hon. Mr. Bouffard) referred yesterday to subsection (7) of this section 150A. It states:

Where an order has been made under this section by a judge in a province with respect to one or more copies of a publication, no proceeding shall be instituted or continued in that province under section 150 with respect to those or other copies of the same publication without the consent of the Attorney General.

After the observations made yesterday by our colleague, I am a little bit afraid of that, because some printers publish very bad literature in journals, and so on. Now, suppose that in a small village on the Gaspé coast a little journal is confiscated. All the newspapers in the province of Quebec will publish this fact, and next morning people of a certain type will try to get copies of

that journal. We cannot stop that. The Attorney General can stop it, however, if the journal becomes too bad. If the bill is discussed in committee, that situation could be clarified. I think our colleague discussed the problem very clearly yesterday.

(Translation):

It is very difficult to define obscenity. Some see obscenity everywhere, while others find nothing obscene. One's attitude depends on one's mentality, culture and education. The man who goes to a museum to see beautiful paintings, beautiful marble monuments, is not concerned with obscenity; he is looking for beauty. But when the minister endeavoured to amend the act in order to clarify the definition of the word "obscenity" he was aiming particularly at those obscene sheets which are sold for 5 or 10 cents a copy, all over the place, and mostly among adolescents.

The bill provides, in part:

> For the purposes of this Act, any publication a dominant characteristic of which is the undue exploitation of sex . . . shall be deemed to be obscene.

The interpretation of that section is left to the judge. In some perfectly silly publications, covering ten or twelve pages, there may be one or two that are obscene, and they will be bought only for the sake of those two obscene pages.

If I may, I would like to tell you about a confession that was made to me by a man over thirty. This is what he said: "At the age of sixteen, I came upon a book that was well written but in which fifteen pages, out of two hundred, described scenes of captivating sensuality. I felt that one had to follow that path to find complete sensual enjoyment, and from then on I led a disorderly life and resorted to theft to obtain the pleasures I sought. One day I pulled myself together, through the help of a good friend who saw that I was slipping and who convinced me that happiness is not to be found in sensual enjoyment but in the heart, in the soul, in the mind. Today I am a married man and I have an admirable wife. She knows the kind of life I led, but with all her mind and heart she has helped and encouraged me and is still doing so. I have found happiness in my home. But how many of my former pals have not returned to the ways of their childhood and live today in degradation! Some are in penitentiaries, one of them was even hanged, and all that as a result of having read pornographic material."

What is obscenity? While it is hard to define, we know, or rather we feel what is obscene.

Do you think that those who go to night clubs to see strip-tease artists are attracted by the beauties of art or by the desire to increase their culture? No. They go prepared to see stupidity, and the shows given are aimed particularly at stimulating carnal passions. Those small sheets, those filthy skits printed on toilet paper and relating the most sordid details aim at nothing else but obscenity. You will find there a complete report of what happens in police courts: assault, rape, theft, sodomy with all the gruesome details. How can anyone claim that this is not obscenity?

And when in this bill C-58 we are told that "For the purposes of this act, any publication a dominant characteristic of which is the undue exploitation of sex, or of sex and any one or more of the following subjects, namely, crime, horror, cruelty and violence, shall be deemed to be obscene", one wonders if the expression "a dominant characteristic" will prove efficient. In a magazine or filthy sheet like *Flash* or *Hush,* which runs to eight, ten or sixteen pages, does the really obscene material amount to four pages? Would the judge consider such a sheet as having obscenity as a dominant characteristic?

But that has now been changed in the bill: "the" has been replaced by "a". It is an important improvement.

A few months ago I received a brochure of about 80 pages intitled "The Breviary of Love". Included in it were extracts from Msgr. Sheen's lectures, one of the late Pius XII speeches *in extenso,* texts from the great doctors of the Catholic Church and interspersed here and there, sixteen pages of unbelievable obscenity!

In my opinion, such a publication is decidedly obscene and harmful. The adolescent who falls on it, skips over the text of Pius XII or of Bishop Sheen, but he undoubtedly reads the sixteen pages on sensuality, which make him want to do likewise.

Obscenity does not develop only carnal passion; it also develops other passions such as sloth, because the sensual person is generally lazy and vicious and, as he has to do something to live, he tries to steal so as to work as little as possible. And once a man has stolen, he may not stop at killing.

Vice can lead such a man to outrage and even to kill a child. Barely two weeks ago,

a fourteen-year old youngster committed rape upon a nine-year-old girl. When asked why he had done it, he replied: "Because everybody is doing it. Here are the newspapers and books I have read and what I have learned; if I did not do it, it would mean that I was not a man, that I lacked strength and virility."

Such is the generation that these pornographic magazines are preparing for tomorrow. How can a nation grow, develop, gain strength and power if today's young people, who are the men of tomorrow, are physically, morally and spiritually diseased?

The act is not perfect. Is there anything that is perfect on the face of earth? However, it is an improvement, and if other loopholes are found we will endeavour, with the help of experience, to make the necessary amendments.

There is no question about the Minister of Justice's intentions: he wants the youth of tomorrow to be better than today's and to that end he is taking the necessary means.

But it is not only obscene literature that corrupts our youth; some films and plays seem bent on showing to our young people that, today, matrimony is nothing but concubinage, the eternal triangle, and that the only thing that counts is sensual enjoyment.

Sensual enjoyment may be found anywhere, at the first street corner, but it does not bring happiness. Happiness is found in a healthy home, where there is peace of soul and peace of mind.

Another objection is found to the principle of the bill: does it not interfere with the liberty of the individual? To what extent is not the word "liberty" misused! What I find most extraordinary is that we allow hooligans, bandits, corruptors of liberty to come right into our homes, through the medium of television and radio, to corrupt our children, and that we should not even be free to defend ourselves against such a misuse of liberty. We are free to do wrong, but we are not free to protect ourselves against evil. True liberty is disciplined. When you travel through a town you have to follow the traffic lights, whether they are red, green or yellow. You could always go through the red light if you wanted to without being run over, but for fear of acquiring a bad habit that might lead to a collision some day, you abstain. Well, that light is a discipline, it disciplines my liberty in the interest of my own and of the whole population's protection. Nevertheless, I am free to cross the street, to go ahead, but plain common sense requires that that liberty be disciplined.

The same thing applies in many other fields and particularly in this field of criminal obscenity. What will happen when freedom is undisciplined, especially when a young man is carried away by his passion and acts without thinking. That is why freedom must not be abused; it must be disciplined so that each one of us may live reasonably, comfortably and in a spirit of mutual helpfulness, of charity and love, in order to inspire and procure happiness everywhere. That is how I understand freedom. Unbridled freedom is no longer freedom, it is licence, obscenity, gangsterism; it is anything you want, but it is neither good nor just.

The best laws in the world are useless if the parents do not look after their children. The law can't bring up, it only protects; it might be compared to the parapet which prevents the foolhardy from falling into the river. But the person who has not been brought up, who has abused all kinds of freedom, will jump over the railing and may drown in the river. If he is insane enough for that, no railing will stop him from committing acts of insanity.

How many parents, alas, do not bother about their children. It would seem that they do not love them. They want to avoid all effort and any unnecessary fatigue. They tell their children: "Away with you, take to the street, run along, go to the movies, read anything at all." Parents no longer watch over their children's reading—though some of them still do; but there are parents of a certain type who neglect their duty, and if our youth has taken to gangsterism and vandalism they are mostly to blame. Can parents who retire at 11 p.m. without worrying over their young girl not having come home, or at twelve, when their 14-year old boy is still hanging around the streets, be said to take an interest in their children? It is the parents who need to be educated so that they may learn to love their children in the true sense of the word love and in such a way that they will bring up men and women who are worthy of their country.

If I could reach the whole country and all the parents, I would try to convince them, with all the persuation at my command, that it is most unwise to let their offspring run where they please without any supervision. If I could only bring these parents into one of our family services, they would see the distress of certain parents who tell us about their children's depravity. If only they could

be shown that, through their own fault, their children will bring dishonour upon them because they, their parents, by being too soft, have made hooligans and gangsters of their children.

If you would only take heed of my words, fathers and mothers, you would examine your conscience and, after studying your own case carefully, you would come to care more for your children and you would develop in them an attitude far removed from degeneration and degradation.

I will never forget the story of the man who came to see me, to have his children placed in an institution because he could no longer get them to obey.

"Then," he added, "my wife will go back to her parents and I will go off on my own. The children would be looked after by public charity." At this moment, the telephone rang and a man said to me: "I have put my fifteen-year old girl out of the house because she will not obey me. I am through, she can go away." And I said to him: "Will things be any better now if your child takes to the street? It seems to me that if you had shown a little more charity, co-operation, fatherly care, and your wife had been a better mother you might have found another solution." All this time, the man who had come to see me was there in front of me listening. When the telephone conversation came to an end he said: "Never mind, I'll be back another time." I met him some months later and he told me that when he had come to me to have his children placed in a public institution the telephone conversation he had overheard had been a revelation to him. He repeated the advice I had given practically word for word: "If you cared a bit more for your children, you might not find things so difficult; condemning your young girl is no way to fix things up." He added: "When I returned home I decided that I would look after my children. That very evening I started to set up a croquet set in my back yard, a sand bag game and a small garden. I told my wife that from now on we would look after the children. Today the children are playing at home and we play together. I help them with their studies and my wife looks after the little girls. I have found a happiness I had never known because I did not understand how to go about bringing up a family."

Why are there not more parents who are anxious, not only to bring children into the world, but to live with them, the mother becoming the girls' best friend and the father, his sons'. There is nothing like love and affection to sow the seeds of noble feelings and to inspire young children with noble love and affection.

The act before us is not perfect, I know, but it is an improvement and if we can improve it again in future we will have to do so. I would like to thank the minister for the action he has taken in moving these amendments to the Criminal Code.

In conclusion, I can do no better than to refer to the findings of the late Senators Davis and Doone, under whose chairmanship the committee charged with the inquiry into obscene literature sat in the Senate in 1952 and 1953. The 1953 report ended as follows:

(Text):

APPEAL TO CANADIANS

In dealing with the present executive action and legislation, and possible recommendations for its dilatation, your committee hopes that the Canadian people will back it up with all the force of public opinion, and that those who print, import, distribute or exhibit for sale salacious and indecent publications will feel the force of this public opinion and be made to realize that they are doing a filthy, immoral and nasty thing to the detriment of Canada in its present position. Might your committee be permitted to point out that in the world-wide struggle between the forces of darkness and evil and those of good, the freedom-loving democratic countries have need of all the strength in their moral fibre to combat the evil threat, and anything that undermines the morals of our citizens, and particularly of the young, is a direct un-Canadian act.

Honourable senators, perhaps that is a good thought on which to conclude my remarks. I appeal to all Canadians to help prevent obscene literature from being spread throughout our country, in order that the new generation may be stronger, better and more prosperous.

Hon. W. Ross Macdonald: Honourable senators, we have listened to four excellent speeches on this bill by men most ably qualified to discuss the Criminal Code.

The honourable senator from Saskatoon (Hon. Mr. Hnatyshyn) explained the bill thoroughly, clearly and concisely. Senator Hnatyshyn is a member of the Saskatchewan bar and has practised in both criminal and civil courts of that province. He is well qualified to introduce this bill, and I commend him for the excellence of his presentation.

We listened yesterday to an outstanding address by the honourable senator from Grandville (Hon. Mr. Bouffard), who spoke on only one provision of the bill. Senator Bouffard is a leader of the bar in the province of Quebec; his practice extends throughout the courts of that province and the federal courts. Further, he has taken a great interest in Laval University, and is at

present a Governor of that university. He is indeed well qualified to discuss this measure, although he did limit his remarks to one clause.

This afternoon we have listened to an address by one who I may say is probably qualified beyond all others present in this chamber to discuss this bill. The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) has had a remarkable career at the bar. Not only has he practised in all the courts of the land, but he served for a time as Attorney General of the province of Ontario. I suppose I can say that, apart from Senator Farris, Senator Roebuck is more familiar with the Criminal Code than any other honourable senator. He delivered an outstandingly informative and thoughtful address this afternoon. Honourable senators are, I am sure, much indebted to him for the effort he has put forward and the interest he has shown in the subject. Senator Roebuck made a number of suggestions which no doubt the chairman of the committee which is to consider this bill will bring to the attention of the Government before the bill reaches the committee.

We have also listened to an address by the honourable senator from Kennebec (Hon. Mr. Vaillancourt), who has confined his remarks to the clause of the bill dealing with obscenity. Senator Vaillancourt is a man of wide experience, who has taken a keen interest in the welfare of young people and the effect of obscene literature upon them.

(Translation):

The Honourable Senators Bouffard and Vaillancourt have spoken in French. I regret that more senators do not express themselves more often in the beautiful French language.

We have two languages in Canada and here, day after day, we only hear one language. Personally, I would prefer to hear French more often, for I would like to be able to speak French myself. I hope that in the future we shall hear speeches in French more often. As Senator Vaillancourt said, we have the "green light" in the Senate to speak French.

(Text):

Honourable senators, I would like to call the attention of the house to clause 18, to which the honourable senator from Toronto-Trinity referred this afternoon. That is the clause which forbids publication in a newspaper of a confession which has been put in evidence at a preliminary hearing.

I would point out to the honourable senator who explained the bill (Hon. Mr. Hnatyshyn) that this clause, as I read it, would prevent publication of such a confession if it has been put in evidence at a preliminary hearing. The wording of the clause would lead one to believe that if a confession is put in evidence at the preliminary hearing it cannot be published unless the accused is acquitted or sent up for trial and the trial has been concluded. There is no provision restricting publication of a confession which has not been put in evidence at the preliminary hearing but is put in evidence at the trial.

I will explain what I mean. Suppose at the preliminary hearing the accused is sent up for trial without the confession being put in as evidence and then on the first day of the trial in the Superior Court the confession is put in. In that case there is nothing to prevent a newspaper from publishing the confession on that day.

Hon. Mr. Aseltine: But the jury will have been sworn by then.

Hon. Mr. Macdonald: My friend says that the jury will have been sworn. But the trial may be abortive, in which event the public will have read the confession before the trial comes on for hearing the second time.

My friend says that the jury will have been sworn, but I would point out to him that under the present bill if the confession has been put in evidence at the preliminary hearing it cannot be published until after the trial is concluded. I think the chairman of the committee might bring that point to the attention of the law officers, with the object of seeing if provision can be made for prevention of publication of a confession at any time during the hearing of the case.

Honourable senators, as I have said, clause 18 provides for the withholding of a confession from the public until the trial has been concluded. The purpose of this legislation, I am sure, is not to prevent such publication by imposing severe fines on the newspapers. The purpose is to prevent absolutely the publication of a confession before the trial has been concluded. After a confession is published the damage has been done. It is no use fining a newspaper then, because the public then knows what is contained in the confession. If the purpose of preventing publication of a confession is to make sure that the accused man has a fair trial, that purpose has been defeated once publication has been made. So I say the purpose of this legislation is not to fine newspapers for publishing a confession, but rather to make it impossible for the confession to be published.

Honourable senators may say that this is encroaching upon the freedom of the press. The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) said that the Criminal Code is a charter of freedom and

liberty, and that great care should be exercised in legislating against freedom of speech or of publication. There is some encroachment here upon the freedom of the press, and it is a question now whether the assurance that the accused shall have a fair trial or that the freedom of the press will not be encroached upon is the more important. I think we all agree that the assurance that the accused shall have a fair trial is paramount. I agree with the honourable senator from Toronto-Trinity that we should endeavour to see that under no circumstances is a confession published before the trial takes place.

Hon. Norman P. Lambert: May I ask my honourable friend a question? I am interested in this, not as a lawyer, but as one who has had some experience in the field of journalism and newspaper work. I would regard that clause in the bill as one restraining newspapers from violating the act, and I think that is the whole point of it. What my honourable friend has said about the harm having been done after publication of a confession, and there being no purpose served in fining a newspaper then, seems to me to be entirely beside the point. The point of this is to restrain the press from doing irresponsible things in regard to the requirements of the Criminal Code.

So far as freedom of the press is concerned, I think that is a very relative term in these days. I doubt very much if there is any such thing as absolute freedom of the press.

Hon. Mr. Macdonald: I cannot agree with my honourable friend. I do not think the purpose of this clause is to restrain the press from publishing anything. I think the purpose is to make sure that there is not created in the public mind a prejudice against an accused person. I think the press is brought into this, not because anyone wants to restrain its freedom in any way whatsoever, but to make sure that the accused will have a fair trial. If by any chance the press does publish a confession then, of course, the press will be subject to penalties, but that is only a secondary consideration.

I come now to this point, that the newspapers will be very careful, and must be very careful, not to publish a confession before the trial is concluded. I am satisfied that after this the press will not want to publish a confession while the trial is in progress.

Hon. Mr. Lambert: May I ask my honourable friend if he thinks capital punishment is a restraint on the committing of murder?

Hon. Mr. Macdonald: I do not think that has anything whatsoever to do with this. Perhaps there is some relevance, but if so I cannot follow it at the moment. I hope the honourable senator does not want to put me off my line of thought.

I was suggesting that newspapers will have to be very vigilant to make sure that a confession is not published during a trial, not because they would have to pay a fine, but—

Hon. Mr. Lambert:—because it would prejudice the case.

Hon. Mr. Macdonald: I wish my friend would not interrupt me. He can make a speech after I am finished. He has interrupted me already in order to make one speech, and I am sure this house will be glad to hear him make another speech after I am through.

Hon. Mr. Lambert: I am sorry.

Hon. Mr. Macdonald: I was saying that the press must be very vigilant not to publish the confession of an accused person until his or her trial has been held, so as to ensure that the accused will receive a fair trial. A year or two from now this provision in the Criminal Code may be forgotten and I can visualize a young cub reporter attending a preliminary hearing in some town or city. He may get hold of a confession and dash back to his newspaper and get it rushed into print so that it appears in his newspaper that very same day. You may argue that the confession story would go through the hands of the news editor or someone else in authority, but the cub reporter may not know of this provision in the Criminal Code. In fact, in a couple of years' time perhaps even the news editors themselves will not be familiar with it. If the confession appears in the press, will the accused have lost his opportunity to a fair trial? To fine the newspaper will not do any good, because the trial goes on and the newspaper merely pays the fine. The accused may be found guilty, and the public may have been prejudiced against him on account of his published confession.

I am satisfied the press would be anxious to co-operate under the provisions of this act in an endeavour to see that all accused receive a fair trial, but I feel there should be a provision whereby the presiding magistrate or judge is required, whenever a confession is tendered in evidence, to advise the public and the press at that very time that publication of the confession is not to be made until after the conclusion of the trial. I do not believe it would be impossible to do this.

Hon. Mr. Higgins: Supposing the jury disagreed and a second trial was necessary?

Hon. Mr. Macdonald: As soon as the confession is put in as evidence the judge should announce that it cannot be published until after the case has been determined. I do not know whether it is possible to have this provision made now, but the honourable senator who introduced this bill (Hon. Mr. Hnatyshyn) should bring my proposal to the attention of the law officers with a view to amending the legislation so as to ensure that an accused will get a fair trial. Incidentally, I am not suggesting this so that newspapers may avoid being fined.

If the law officers do not feel this amendment can be accepted at this time, perhaps the matter could be discussed by the provincial attorneys general at their provincial conference which I believe is to be held at Victoria, British Columbia, some time this year. They are meeting for the specific purpose of discussing uniformity of legislation.

Honourable senators, for what it is worth I bring this matter to the attention of the house. I hope something can be done to make sure that the public is not prejudiced by reason of any confession made by an accused before trial.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Hnatyshyn, bill referred to Standing Committee on Banking and Commerce.

COAL PRODUCTION ASSISTANCE BILL

SECOND READING

Hon. John G. Higgins moved the second reading of Bill C-68, to amend the Maritime Coal Production Assistance Act and to authorize certain amendments to the agreement made under that act with Dominion Coal Company, Limited.

He said: Honourable senators, this bill now before the Senate bears the short title "Coal Production Assistance Act," and amends an act passed in 1949 entitled the "Maritime Coal Production Assistance Act, 1949."

The purpose of the amending legislation before us is to extend the provisions of the existing Maritime Coal Production Act, which provided a fund of $10 million to be advanced to coal producers in the Atlantic Maritime provinces by means of interest-bearing loans for the purpose of substantially increasing the efficiency of coal production through mechanization of mines. All loans under the act have been passed on and administered by the Dominion Coal Board.

The original act provided that the aggregate principal amount of loans made to coal producers was not to exceed the sum of $10 million and that no individual loan was to be for more than $7,500,000. The act also provided that no loans could be made after October 1, 1959, so that the act was to exist for ten years.

Section 4(1) of the act reads:

> A loan shall bear interest at a rate fixed by the Governor in Council based on the average rate of interest return that the Minister of Finance determines is yielded by bonds of the Government of Canada of a term comparable with that of the loan or, if there are no such bonds outstanding, that would in the opinion of the Minister of Finance be yielded by such bonds, and shall be repaid by semi-annual payments at a rate of not less than thirty cents per net ton of coal produced by the mines in respect of which the loan was made.

Section 4(3) says:

> A loan shall be secured by a first charge or mortgage in favour of Her Majesty on the mine and equipment in respect of which the loan is made or on other property of the coal producer or by such other security as the minister may approve.

Fifteen loans have been approved since the act was passed, and five of these loans have been repaid.

The companies which availed themselves of these loans are as follows:

(1) Dominion Coal Company, Limited, Sydney, Nova Scotia.

(2) Avon Coal Company, Limited, Minto, New Brunswick.

(3) Crawford Contractors Limited, Minto, New Brunswick.

(4) S. J. Doucet and Son, Inverness, Nova Scotia.

(5) Four Star Collieries Limited, Bras D'Or, Nova Scotia.

(6) D. W. and R. A. Mills Limited, Minto, New Brunswick.

(7) V. C. McMann Limited, Minto, New Brunswick.

The act was first passed for the purpose of giving aid to the Dominion Coal Company, Limited, of Nova Scotia, which controls the largest coal mine in Canada, producing from 3,500,000 to four million tons per year. This loan was given for the purpose of carrying out a very extensive mechanization program at its mines in Cape Breton. The estimated cost of this project at that time was $13 million, and the sum of $7,500,000 was authorized for a loan to the Dominion Coal Company. The company has paid back $1,278,000 of the amount borrowed. It now needs a further $7,500,000 to finance a coal washing plant to improve the marketability of its products. Of course, under the original act the company cannot obtain this, as it has already received the full amount that it is entitled to under the act.

The Department of Mines and Technical Surveys feels that the act has been a distinct success in its assistance to coal operators, and the help given by the mechanization

projects financed under the act has had the effect of increasing the efficiency of mining coal, so that the increases in cost have not been as great as they would have been without the help given by the act. The Dominion Coal Board feels that the provisions of the present act should be extended for a further period of ten years and that, since the funds provided by the original act have been exhausted, a further sum of $10 million should be made available, and that this assistance should be made available to all coal producers in Canada.

The purposes of the proposed amendment before us are: (1) to make the original act not one pertaining only to the Atlantic Maritime provinces but to make it a national act applying to all coal mine operators and producers in Canada; (2) to increase the aggregate amount of loans to be made or authorized by another $10 million; (3) to extend the time limit for payment by five years, namely, to the 31st October 1964; (4) to increase the amount which may be loaned to one operator from $7,500,000 to $12 million.

Section 6(1) of the amendment gives authority for revision of the agreement made with the Dominion Coal Company, Limited. Representations were made by the company in 1958 for some changes in the schedule regarding repayments on its loan of $7,500,000, and it was deemed advisable to alter the schedule of repayments under the agreement. This alteration will: (1) allow the company to make no further repayments till June 30, 1963, at which time the company will again commence repayment at six month intervals based on 30 cents per net ton production; (2) increase the interest rate to 4 per cent per annum from 3½ per cent per annum as from July 1, 1957; (3) make the loan fully repayable by June 30, 1970.

I may say that in 1957 a bill, C-54, was introduced authorizing an amendment to the agreement made under the original act with the Dominion Coal Company on March 14, 1950. This provided for a change in the date of repayment of the loan and an increase in the rate of interest. This bill was assented to in November 1958.

Regarding that bill, I shall now quote what the minister said when, on June 30, 1959, he introduced the present bill:

> Unfortunately the provisions of this amendment did not fully cover the difficulties, and it remains necessary to clarify the matter by further amendment. The proposed revision provides that the total loan to this company will be fully repaid by June 30, 1970, as set out in the terms of the legislation.

The bill before us now rectifies this by the amendment to the agreement which I have just mentioned.

It is felt that the proposed legislation will be of very great importance to the coal producers of Canada. The mine operators will be given the opportunity of obtaining loans which might not be available from the usual sources. This will be of great assistance, as it will enable the mines to modernize their methods so as to bring about more stability in production and reduce costs in meeting the terrific competition that is now provided by other fuels.

Under the amendment before the house the Dominion Coal Company can receive another $4,500,000, if the board authorizes such a loan.

In the amendment there is one section, 3(2), which is necessary though it does not affect the original act. When the original act was passed the Coal Board was under the Minister of Trade and Commerce. Since then the board has been transferred to the Department of Mines and Technical Surveys, so it is necessary that the word "Minister" should be interpreted now as the "Minister of the Department of Mines and Technical Surveys".

Hon. Gordon B. Isnor: Honourable senators, my remarks will be rather brief and I know they will be welcomed on that account.

Hon. Mr. Macdonald: Not at all.

Hon. Mr. Isnor: I wish to compliment the honourable senator from St. John's East (Hon. Mr. Higgins) on his very fair outline of the provisions of this act and its purposes and aims. It is a follow-up, as he no doubt had in mind, of the recommendations made by the Honourable Mr. Justice W. F. Carroll and his associates in 1946, who at that time, among the many recommendations made, felt that mechanization of the mines would bring about greater efficiency and greater production. Unfortunately that has not resulted. In fact, there has been an ever-decreasing amount of coal produced, especially in the Cape Breton area which is the main producing section of our coal producing country. I am particularly interested in this bill and am very happy that the Government has seen fit to follow the lead of the Liberal Government in taking action to assist the coal operators. If I remember rightly, there were something like 15 loans made, in the amount of $9,997,101, of the $10 million made available. Of the total number of loans that were made, five have been repaid in full and, as mentioned by the honourable senator from St. John's East, one loan of a fairly large balance is outstanding.

I am very pleased that there is going to be an extension of the time allowed for

these repayments, and that the amount has been increased so that the operators can borrow from $7.5 million up to $12 million. That amount will be required particularly for the purchase of a new washing plant, which is so badly needed to put on the market the type of coal required and used in the greater quantities.

I was rather surprised that the honourable senator did not stress the position in which his own province of Newfoundland finds itself because of the lack of a supply of coal there, and offer some suggestions as to how production and sale of coal should be dealt with in Newfoundland. I have always felt that perhaps the companies, or the Government or a government agency, particularly the Dominion Coal Board, should have devised some plan for the stockpiling of coal in Newfoundland, say at St. John's and other places, to make it more readily available to the coal-burning districts of that province.

I am told that there is a considerable spread between the price at Sydney and the price at St. John's. I thought that when the honourable member was speaking he would bring this subject to the attention of the Government in the hope that the Dominion Coal Board would do something to narrow that spread, to make coal more readily available in Newfoundland and thus bring about its greater use there.

Nova Scotia has a large number of miners —roughly speaking, between 12,000 and 13,000, representing anywhere from 75,000 to 100,000 persons dependent on the coal industry.

Latterly there has been a decrease both in the volume and the value of coal produced in Canada. Figures do not always reflect the proper picture, but I think these will show the extent of the decline in coal production in the years 1956 and 1957. In 1956, 14,915,610 tons were mined, and the value amounted to $95,349,763, but in 1957 production dropped to 13,183,175 tons, having a value of $89,892,750. That was a decrease of $5,457,013 in the value of coal produced.

Hon. Mr. Macdonald: But the price of coal may have gone up in the meantime?

Hon. Mr. Isnor: The more coal costs to produce, the more it is likely to cost the consumer. Does that answer your question?

Hon. Mr. Macdonald: Yes.

Hon. Mr. Isnor: If these loans are used to purchase new equipment to bring about greater production at lesser cost, naturally the price will go down. Of course, a good deal depends on the wages paid. In fact, that is the determining factor, I think, in the mining industry so far as price to the consumer is concerned.

We in Nova Scotia have many areas in which coal is produced, and we are greatly concerned about the production of it. If I remember rightly, production got down to 1.4 tons per man per day. That is a very low average, compared with production in Alberta, although it must be said that in the west they employ a different type of mine operation. Also it is very low in comparison with production per man per day in the United States.

We are happy to have these increased loan ceilings. They will permit installation of more modern and efficient machinery, which ought to result in a lowering of the cost of production and an increase in the coal produced per day per man. These things will benefit the consumer of coal, I hope.

We in the Maritimes know, as coal producers in the west do, that coal now faces stiffer competition from other types of fuels. This is something we must face, and we can only meet such competition by installing modern coal mining machinery.

The sponsor of the bill has outlined the reasons behind it very clearly, quoting the minister's remarks. As I mentioned a moment ago, this is really an extension of a bill brought in by the Liberal Government to aid coal operators throughout the Maritimes at that time. This bill extends the terms not only in dollars and cents, but also as to the coverage of territory. Up to date the act has applied to the Maritime provinces only, but it is being extended to apply to coal mining areas throughout the dominion. There was some question in the minds of western members in the House of Commons as to what benefit Alberta, Manitoba or British Columbia would gain by the extended coverage. I doubt very much if either Alberta or other sections of Canada will benefit to any great extent, or be able to take advantage of the loans. I hope they will, if thereby they can increase their production and bring about lower costs of production.

As stated by the honourable senator who explained the bill, the amount of loans that may be made under the act is increased by $10 million. There is some question whether that $10 million will be sufficient. That is one criticism that I have heard offered in connection with this bill. In view of the fact that almost all of the original $10 million was taken up, it is felt that a still greater amount should be provided. The exact amount taken up was $9,997,101. That leaves very little of the original $10 million. Machinery and equipment used in the mines are very expensive. I believe that was one of the reasons why the Dominion Coal Company did not proceed last year when it made application for an increased loan, which the Government

was unable to give because of the terms of the act. The amount allowable was not large enough to provide the equipment which the company wished to acquire.

I am pleased to note that the time for repayment of the large loan outstanding is now being extended.

Honourable senators, that is perhaps all I can usefully say at this time, except to suggest to the honourable sponsor of the bill that it should be considered in committee in order that questions may be asked of officials of the Dominion Coal Board. I would like to ask them why the board has not shown a more aggressive spirit in the marketing of coal. True, the minister stated in the other place that it was not the function of the board to act as a selling agency for any one particular company. I do feel, however, that it should investigate the possibility of finding new uses for coal, as in this way it could help the industry to a great extent. The minister in his answer did not give much encouragement to the honourable member from Cape Breton who raised that question in the other house, and I feel it might well be pursued further in our committee.

I would also hope that the honourable senator who explained the bill will give some reasons why the terms of the bill are enlarged with respect to territory. He made the statement that the Dominion Coal Board's jurisdiction will now extend throughout Canada, instead of only to the Maritimes. I do not believe any reason was given for that change. I am wondering if any of the western provinces have made representations to the Government to have the Dominion Coal Board functions apply to that part of Canada.

In general, honourable senators, I am in accord with the principle of the bill. The act was introduced, I believe, in 1949, and was amended in about 1956. I trust that this further amendment will serve its purpose in bringing about greater production and use of coal, particularly as it applies to the Maritime provinces.

Hon. Wishart McL. Robertson: Honourable senators, there is little I can add to what my honourable colleague from Halifax-Dartmouth (Hon. Mr. Isnor) has said. I congratulate him on his remarks, and also the honourable sponsor of the bill (Hon. Mr. Higgins) on his explanation. I do not wish to delay the house, but I have a question, and perhaps the answer will be forthcoming when the bill is before the committee.

As I understand it, the amount that may be lent to coal producers is being increased in anticipation that the Dominion Coal Company will borrow a further sum. I would like to know from the sponsor of the bill what is the purpose of the additional borrowing by the Dominion Coal Company. Is the additional loan to be used to increase the production of coal, or is it to be used in connection with the washing of coal?

Hon. Mr. Higgins: I understand it is to be used to acquire machines for washing coal, which would cost about $7,500,000. The company already has borrowed $7,500,000. It can now borrow an additional $4,500,000, which will bring its total borrowings up to $12 million. That is the highest amount any one producer can get under the act.

Does that answer my honourable friend's question?

Hon. Mr. Robertson: Yes.

I may be wrong, but I have been under the impression that when the suggestion of making money available to assist the Dominion Coal Company to establish a washing plant was first broached it was frowned upon and not accepted. I would like to ask the sponsor of the bill if he knows whether that is so, and, if it is so, why there apparently has been a change of heart in that respect.

Hon. Mr. Higgins: Honourable senators, I did not expect to be asked that question, and as I am not in the inner circles of information I am unable to answer it. I understand, however, that the Dominion Coal Board expects that the Dominion Coal Company will make representations for a further loan. I think it may have already done so. One reason why this legislation is being brought forward is to give the company an opportunity to apply for this further loan. If it is applied for, and if it is authorized by the Dominion Coal Board, the company will get it.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Hon. Mr. Higgins: Honourable senators, I move that the bill be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. Macdonald: Honourable senators, it occurs to me that the Banking and Commerce Committee has already a great deal of work before it. Perhaps this measure could be considered by the Natural Resources committee.

Hon. Mr. Aseltine: The Natural Resources committee has about all it can handle at the present time. The Banking and Commerce committee will be meeting on Tuesday night to consider the Criminal Code and certain other measures; it will also sit on Wednesday morning. I do not see how we can have more than one large committee functioning at one time. For that reason, I

suggested to the sponsor of the bill that this measure should be sent to the Banking and Commerce committee. It is really a money bill.

Hon. Mr. Macdonald: I bow to the superior wisdom of the honourable leader of the house (Hon. Mr. Aseltine).

On motion of Hon. Mr. Higgins, bill referred to Standing Committee on Banking and Commerce.

CROP INSURANCE BILL

SECOND READING

Hon. Arthur M. Pearson moved the second reading of Bill C-66, to provide for contributions and loans to the provinces in respect of crop insurance.

He said: Honourable senators, I will not be very long in explaining this bill. There are a few remarks I would like to make, with the idea that I can explain some of the main points incorporated in the bill.

At the outset, I might say that this bill is of historic significance in that it is the first attempt on the part of the dominion Government, and, possibly, of the provinces, to inaugurate a comprehensive risk insurance for various crops grown in Canada. There has been considerable talk of comprehensive insurance by farmers for quite a number of years. In fact, when the Prairie Farm Assistance Act was passed, in 1939, I distinctly remember discussing the bill with many farmers who were pleased with it, but who felt, even at that time, that it should have gone a great deal further and covered other crop risks rather than being merely a scheme to help farmers in drought stricken areas.

While the Prairie Farm Assistance Act has had a great deal to do with helping the distressed farmers and the stabilization of the farming industry in western Canada, a number of adjustments have had to be made to the act to enable more farmers to come within the scope of its benefits. As originally set out, the act indicated that 18 sections would be the minimum area that could receive these benefits; that is, 18 sections in a block. This has been adjusted as the years progressed, and we now have a very good scheme under that act.

It is felt now that the time is ripe to go a step farther and bring in a comprehensive insurance plan. But, as honourable senators know, property and civil rights belong to the provinces and do not come within the scope of the dominion Government, and for that reason the federal Government cannot, of itself, set up a full scheme of crop insurance. Thus it decided to introduce legislation to assist the provinces so that they may enact insurance legislation in conjunction with this legislation.

Bill C-66 is entitled "An Act to provide for contributions and loans to the provinces in respect of crop insurance". This means, in effect, that the federal Government has at this time disclosed what it is prepared to do to assist each province to bring in an act with respect to crop insurance, which will be varied as from province to province, depending on the type of crop, etc., that each one wishes to have covered.

Under this act the federal Government will make a grant from the federal treasury in the amount of 50 per cent of any administrative costs of an act which may be passed by each one of the provinces. It will also pay 20 per cent of any premium charged by the provinces.

A further point that I would like to draw to your attention, honourable senators, is that if the loss to the province in any one year is greater than the current premium receipts, plus reserves built up, plus $200,000, then the federal Government will agree to advance loans in the amount of 75 per cent of any amount over and above these three items which I have mentioned. It is felt that a province should be able to carry any losses up to $200,000 without undue strain, but this provision is being put in to assist a province if in, say, the first and second year of its new act it is called upon to pay out a great deal more than the premium receipts because of some great crop disaster. The federal Government feels that the provinces should be able to finance with the assistance of the Consolidated Revenue Fund. This possible drain on insurance funds at the very beginning has been one of the deterrents to a province going on its own. It is total risk in crop insurance.

These, honourable senators, are the main points of Bill C-66.

It is hoped that the provincial Governments in enacting insurance schemes will divide their provinces into small enough units—probably the size of a township—so that they may arrive at an equitable premium rate for the farmer based on a long-term average crop yield in each area. In this manner the premium rate will be more equitably arrived at in the unit.

Another point expressed by those discussing this bill in the other place was that they felt that at least 25 per cent of the farmers, or 25 per cent of the acreage, in whatever unit is prescribed, would be covered by the provincial scheme before the federal Government would be able to contribute toward that insurance scheme.

A further point in the bill is set out in clause 5 (1), paragraph (a) (iv) as follows:

An agreement shall specify the terms and conditions of the insurance scheme, including the amount

of the insurance to be effected on any crop in any area, which shall not exceed 60 per cent of the long-term average yield of the crop in the area.

Honourable senators, I think those are the main points in the bill before us. As you will see on a further reading of the bill, there will have to be a united effort on the part of the federal Government and the Government of each province in setting out all the particulars of an insurance scheme, such as defining "producer", calculating long-term average yield, specifying the time and manner of payment of contributions by Canada under this act, and prescribing the records to be kept by the provinces, etc.

The final point I wish to make is that the act brought in by each province must be actuarially sound before the federal Government can agree to making its contribution. A further point I wish to stress is that the Prairie Farm Assistance Act will not be circumscribed by this new insurance act set up by the provinces, but will continue in force, and any farmer can continue to pay the 1 per cent levy on crops sold by him if he wishes to remain under this scheme rather than taking part in the new crop insurance scheme. However, he cannot be covered by both schemes. In other words, it will be a voluntary action on the part of the farmer if he takes the insurance or stays with the Prairie Farm Assistance Act.

Hon. Mr. Lambert: May I ask the honourable senator if he has any classification or enumeration of natural causes on which the insurance would be applied? I take it that drought and frost would be among the causes.

Hon. Mr. Pearson: And insect pests.

Hon. Mr. Lambert: And cutworms.

Hon. Mr. Pearson: Yes.

Hon. Mr. Lambert: How many others? Has there been any definition of natural causes?

Hon. Mr. Pearson: They have not been described in the bill, but when the provincial Governments and the federal Government make their agreements it will be set out in the provincial acts.

Hon. W. Ross Macdonald: Honourable senators, I support this bill in a general way. It is something that I think should be tried out. We insure almost everything nowadays, so why not try a scheme of insuring crops? My opinion as to the value of this legislation may differ from that of persons more qualified to speak on this subject, but I do have a few comments to make. First of all, I would like to read from the following Canadian Press dispatch which appeared in the Brantford *Expositor*:

> Provincial Government spokesmen and farm officials in Canada are split between a wait-and-see attitude and strong criticism of federal Agriculture Minister Harkness's proposed crop insurance plan.
>
> Most outspoken against the plan, which is dependent on provincial assistance for its implementation, is Acting Premier C. M. Fines of Saskatchewan, who calls it "one of the greatest insults ever inflicted on provincial Governments by the federal Government within my memory".

Hon. Mr. Isnor: What province is that?

Hon. Mr. Macdonald: Mr. Fines is Provincial Treasurer of Saskatchewan. No doubt he is a farmer and certainly better qualified to speak on the value of this bill than I am. The dispatch went on to say:

> I cannot conceive any community wishing to adopt it in preference to the Prairie Farm Assistance Act," said Mr. Fines. "Even though the latter has many weaknesses, it is still a much sounder plan for most communities of western Canada."

That is what Mr. Fines, who has had more experience in farming than a great many of us—

Hon. Mr. Horner: He has had no experience in farming at all.

Hon. Mr. Haig: He has had none.

Hon. Mr. Pearson: None whatsoever.

Hon. Mr. Macdonald: Well, at least he lives in a province which is predominantly a wheat-growing and agricultural province. I would like to know what the honourable senator from Blaine Lake (Hon. Mr. Horner) thinks of this legislation.

Hon. Mr. Horner: I will tell my honourable friend in a moment.

Hon. Mr. Macdonald: I would be very glad to hear if he is of the same opinion as Mr. Fines. I wonder if he will agree with this statement by Mr. Fines, which also appeared in this press clipping:

> Non-Government agriculture officials in western Canada expressed doubt and discontent over the scheme.

Honourable senators, no matter what my honourable friend from Blaine Lake thinks, and no matter what my honourable friend from Lumsden (Hon. Mr. Pearson) thinks, there is a strong feeling throughout western Canada that the bill is not satisfactory, and that it is not superior to the provisions contained in the Prairie Farm Assistance Act.

Hon. Mr. Haig: May I interrupt my honourable friend to say that these acts do not supersede each other. The farmer can make his choice.

Hon. Mr. Macdonald: Oh, yes, but he cannot use both.

Hon. Mr. Haig: He doesn't have to take either one if he doesn't want to.

Hon. Mr. Macdonald: No, but apparently he thought he was getting something better than he was getting under the Prairie Farm Assistance Act. At least, that is what I gather from this article. He thought crop insurance was going to be better than the Prairie Farm Assistance Act under which he contributes 1 per cent, but now he finds that the crop insurance is not as good as the Prairie Farm Assistance Act.

Who is right, I do not know. Personally, as I said at the beginning, I feel this legislation should be given a chance. It does occur to me to be unusual that this important measure should be brought in at this late date in the session, just when we are about to prorogue. In any event, it cannot be put into effect this year.

Hon. Mr. Pearson: It cannot be put into effect until the various provincial legislatures meet again.

Hon. Mr. Macdonald: And unless there is a special session no legislature will meet until next February, March or April. It occurs to me it might have been better had this legislation been tabled at this session so that the provinces would have had an opportunity to peruse and consider it. Then federal legislation could have been brought in shortly after the opening of the next session of Parliament. I think that would have been a much more satisfactory way to proceed. I do not know how many provinces will take up the legislation, and I am sure my honourable friends opposite do not know either. I believe one province, Manitoba, has intimated that it fully intends to take it up. I cannot say whether the Premier of Manitoba was consulted about the legislation before it was introduced. He happens to be the only Conservative Premier in the three Prairie provinces, but I am quite sure that for this reason alone he would not have been consulted in preference to the other two premiers. However, he knows all about the legislation and is prepared to state that Manitoba is going to accept the insurance scheme as soon as it is available.

Honourable senators, I feel the bill should go to committee, where we could get detailed information and be told how it is expected the legislation will work out.

Hon. R. B. Horner: Honourable senators, first I would like to congratulate my honourable friend from Lumsden (Hon. Mr. Pearson) on his very able presentation of the bill.

Hon. Mr. Macdonald: If I may be permitted to interrupt, I would like to join in congratulating the honourable senator from Lumsden. I fully intended to do so earlier.

Hon. Mr. Horner: My honourable colleague from Lumsden could easily answer the questions which I intend to answer, but the honourable Leader of the Opposition (Hon. Mr. Macdonald) wanted to know what I thought of the legislation. It is true that we have had hail insurance for many years, but many other disasters have struck the grain products of the farmers in western Canada. Mention has been made of cutworms and insect pests, and so on. There has been a crying need and a demand on many occasions to work out some form of crop insurance. The honourable Leader of the Opposition suggested that the legislation might have been merely tabled at this session, but I think it was very wise to bring it in now so that the provinces will know exactly what the federal Government intends to do. When their own legislatures meet they will know just what they are dealing with.

The Leader of the Opposition mentioned a statement—a very extravagant statement, I would say—made by the Provincial Treasurer of Saskatchewan, who, so far as I am aware, knows little or nothing about farms.

Some years ago the provincial Government set up a commission, which spent nearly $1½ million and, after labouring for two or three years, brought in a recommendation for this very type of legislation. It made no recommendation for assistance by the federal Government.

Hon. Mr. Macdonald: Did you agree with the report?

Hon. Mr. Horner: Well, I agree entirely that some form of insurance is desirable. Crop insurance is a wonderful thing. If we have hail insurance, why not have general crop insurance? In these modern days I think it is needed. In the olden days, of course, we had very little fire insurance or life insurance, and when disaster of any kind struck a man his friends and neighbours came to his assistance. Then various forms of insurance were developed. It is the modern trend in every form of business to protect oneself by insurance.

To go back to my former statement, namely, that the provincial Government's own commission spent $1½ million on its investigations, I would point out that this bill provides a much better scheme than that commission recommended, because of the contribution to be made by the federal Government. The recommendation of the provincial Government's commission was that the provincial Government take care of the whole amount. It is my opinion that the people of the various provinces will be highly satisfied with the present scheme, and I am glad that the bill makes clear just what the federal Government will be contributing, so that there

will be no misunderstanding with the provinces. When the legislatures meet they will have ample opportunity to pass legislation to prepare for next year's crop.

When the provincial Government's commission brought out its report to which I have already referred, immediately there was a blast from the Provincial Treasurer. He said the plan was an insult, and what not.

I am fully in accord with this measure and I hope all the western provinces will come into the scheme. Indeed, I believe they will. In my opinion it is good. I repeat that I think it would be well to pass the measure now, so that when the legislatures meet next fall they will not be in any doubt as to what part of the cost the federal Government is going to pay.

Hon. Mr. Haig: Honourable senators, I must be wrong, because I agree with every word spoken by the honourable member from Blaine Lake (Hon. Mr. Horner).

Hon. J. Wesley Stambaugh: Honourable senators, I have looked over this bill and studied it to some extent. I must say that I can see very little value in it in its present form. Western farmers and farm leaders have for some years been crying for some form of crop insurance. While we do not have a real crop insurance under the P.F.A.A., to some extent it is of some help in a catastrophe, but that is all. I am a little hopeful that something may come out of this measure, but I would be surprised if any of the provinces took it up in its present form. The province of Alberta has enabling legislation which was passed at the last session of the legislature, and so would be able to take advantage of this legislation by passing an order in council if it wished. Of course, it hoped for something different from this. I feel quite sure we shall hear some sort of blast from Alberta, just as we did from Saskatchewan. However, this is at least a step in the right direction and the principle of the bill is all right. I would like to see the bill passed, and I intend to support it.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Pearson, bill referred to Standing Committee on Banking and Commerce.

ADJOURNMENT

Leave having been given to revert to motions:

Hon. Mr. Aseltine: Honourable senators, with leave, I move that when the Senate adjourns today it stand adjourned until Tuesday, July 14, at 3 p.m.

Motion agreed to.

The Senate adjourned until Tuesday, July 14, at 3 p.m.

THE SENATE

Tuesday, July 14, 1959

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

Prayers.

FARM CREDIT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-67, to provide for the extension of long term mortgage credit to farmers.

Bill read first time.

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

Hon. W. M. Aseltine: Later this day.

LIBRARY OF PARLIAMENT

REPORT OF CIVIL SERVICE COMMISSION

The Hon. the Speaker: Honourable senators, I have the honour to present the following report of the Civil Service Commission concerning certain employees of the Library of Parliament.

The Clerk Assistant (reading):

To the Honourable the Members of the House of Commons and the Senate:

The Civil Service Commission, at the request—

Hon. Mr. Macdonald: Dispense.

Hon. Mr. Isnor: Honourable senators, may I inquire from the honourable Leader of the Government (Hon. Mr. Aseltine) whether this report will be printed in today's proceedings?

Hon. Mr. Aseltine: Yes, it will be printed.

The report reads as follows:

To the Honourable the Members of the Houses of Parliament:

The Civil Service Commission, at the request of the Parliamentary Librarian, and in accordance with the provisions of sections 11 and 62 of the Civil Service Act, has the honour to submit the following report for approval:—

It is recommended that the compensation for the following classes be revised as follows, effective January 1, 1959:

CATALOGUING LIBRARIAN 1

From:		3720	3870	4020	4170
To:	3750	3900	4050	4200	4350

1. This revision shall apply to all employees who are on strength as of January 1, 1959.

2. Each employee in this class may be paid at the salary rate shown immediately below the salary rate at which he or she was being paid on January 1, 1959.

3. The present annual increase date of employees shall not be affected as a result of this salary revision and an employee shall retain any benefits to which he or she would otherwise be eligible under the terms of Order in Council of April 30, 1946, P.C. 23/1700, as amended.

That the compensation for the class—

CATALOGUING LIBRARIAN 2

which is at present:

Annual: 4350 4500 4650 4800

be revised to:

Annual: 4500 4650 4800 4950

Attached hereto is a copy of a report in connection with the above.

Ruth E. Addison
Commissioner

The Hon. the Speaker: Honourable senators, when shall the report be considered?

Hon. Mr. Macdonald: Next sitting.

DOCUMENTS TABLED

Hon. Mr. Aseltine: Honourable senators, I table the following documents:

Report of the Canada Council for the year ended March 31, 1959, pursuant to section 23 of the Canada Council Act, Chapter 3, of the Statutes of 1957. (English and French texts).

Report of the National Research Council for the year ended March 31, 1959, pursuant to section 16(3) of the Research Council Act, Chapter 239, R.S. 1952, including the report of Canadian Patents and Development Limited for the same period. (English text).

Report of Atomic Energy Control Board of Canada for the year ended March 31, 1959, pursuant to section 85(3) of the Financial Administration Act, Chapter 116, R.S. 1952. (English text).

Report of the Northern Canada Power Commission for the year ended March 31, 1959, pursuant to section 24 of Chapter 196, R.S. 1952, and report on the examination of the accounts and financial statements of said commission for said year by the Auditor General, pursuant to section 87 of the Financial Administration Act, Chapter 116, R.S. 1952. (English text).

Exchange of notes between the Government of Canada and the Government of the United States of America governing the establishment of an integrated communications system to support Ballistic Missiles Early Warning System, signed at Ottawa, July 13, 1959. (English text).

The Canada Gazette, Part II, Statutory Orders and Regulations, 1959, Wednesday, July 8, 1959, pursuant to section 7 of the Regulations Act, Chapter 235, R.S. 1952. (English and French texts).

Report of the National Librarian for the fiscal year ended March 31, 1959, pursuant to section 13 of Chapter 330, R.S. 1952. (English and French texts).

Report of the National Film Board of Canada for the fiscal year ended March 31, 1959, pursuant to section 20(2) of Chapter 185, R.S. 1952. (English and French texts).

QUEENSTON BRIDGE BILL

FIRST READING

Hon. Mr. Aseltine presented Bill S-30, to authorize the construction of a bridge across the Niagara River between the province of Ontario and the state of New York.

He said: Honourable senators, the introduction of this bill and the following two bills will bring to twelve the number of Government measures introduced in the Senate this session and dealt with first in this house.

Hon. Mr. Macdonald: Hear, hear.

Bill read first time.

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

Hon. Mr. Aseltine: Later this day.

PIGEON RIVER BRIDGE BILL

FIRST READING

Hon. W. M. Aseltine presented Bill S-31, to authorize the construction of a bridge across the Pigeon River between the province of Ontario and the state of Minnesota.

Bill read first time.

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

Hon. Mr. Aseltine: Later this day.

NEWFOUNDLAND SALT FISH EXPORTATION LAWS REPEAL BILL

FIRST READING

Hon. W. M. Aseltine presented Bill S-32, to repeal certain fisheries laws in force in the province of Newfoundland respecting the exportation of salt fish.

Bill read first time.

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

Hon. Mr. Aseltine: Later this day.

INFLATION

REPORT OF FINANCE COMMITTEE— DEBATE ADJOURNED

Hon. Clarence V. Emerson presented the report of the Standing Committe on Finance on the threat of inflation in Canada.

The Hon. the Speaker: Honourable senators, when shall this report be adopted?

Hon. Mr. Emerson: I move that this report be adopted now.

Hon. Norman P. Lambert: Will the honourable senator give an explanation of the report?

Hon. Mr. Aseltine: There will be a debate on it.

Hon. Mr. Emerson: Honourable senators, in recent years the problem of inflation has become a major concern of public policy throughout the Western world. An outstanding authority stated to your committee that "Inflation has replaced recession as the major topic of business concern on this continent." The nature of this problem, its cure, and its threat for the future have become matters of urgent interest and widespread discussion. The information submitted to your committee has indicated that these apprehensions have arisen because of the persistent rises in prices and costs and the consequent erosion in the value of money which has occurred during the post-war period; the continuing increases in the cost of living during the recent recession; and the obvious reluctance which has developed on the part of the general public with respect to the investment of savings in long-term fixed dollar obligations, with the result that governments in particular have encountered increasing difficulties in financing their requirements.

It was against this general background that your committee proceeded to carry out its instructions "to study the threat of inflation in Canada". The committee sought the assistance of both competent individual authorities and of representative groups in the community. Within the limited time available the committee was able to arrange 10 public meetings. At its first such meeting the committee heard from a distinguished economist, Professor F. A. Knox of Queen's University who presented an explanation and broad analysis of the nature of inflationary forces. At its subsequent meetings the committee received the views of leading representatives of industry, commerce, finance, labour, agriculture, and of the Governor of the Bank of Canada. In all, the committee heard from 44 witnesses. Their names, positions, and the organizations which they represent are shown in Appendix A.

The submissions which were received were of invaluable assistance to the work of the committee. All of the presentations were prepared with special care and were the result of much thought and effort. They were constructive and frank, and reflected the great importance which was being attached to the subject of our inquiry. Consequently, the evidence placed before the committee as pub- a most valuable contribution to the discussion blished in its proceedings does itself contitute and elucidation of a problem of great social and economic significance to the future welfare and progress of our country.

In particular, the views and information which were presented have enabled the committee, within the limited time available, to submit some preliminary, but useful, findings. Clearly, there has not been sufficient time to pursue many of the intricacies and implications of so complex and difficult a subject. Consequently, the committee will confine itself in this report to a brief consideration of certain basic issues of vital importance about

which there was some consensus of view among the witnesses who came before us. These issues relate to such fundamental matters as the question concerning the historical and long-term inevitability of inflation, the nature and effects of the post-World War II rise in prices, the compatibility of the aims regarding the maintenance of high levels of employment and the preservation of reasonable stability in the value of money, the doctrine of creeping inflation, and finally the existing situation and psychology concerning the threat of inflation.

To summarize, your committee concludes that:

1. Inflation is not inevitable.

2. We reject the doctrine of "creeping" inflation as in any way desirable for Canada.

3. The maintenance of reasonable stability of prices should be a basic aim of our economic policy along with our other aims for the achievement of high levels of employment and an adequate rate of economic growth.

4. Reasonable stability of prices is entirely compatible with and essential to the attainment of continued economic progress and high levels of employment.

5. Inflation constitutes a hidden tax which falls inequitably upon the public, with grave injustices upon those least able to protect themselves.

6. Inflation is harmful to our basic primary producers and weakens the competitive position of both our export and domestic industries.

7. Tools to contain inflation are available—what is necessary is the will and determination of the people and the authorities to use them.

Honourable senators, in view of the exceptionally wide interest being shown across the country in the work of this committee, I would suggest that this report be printed as an appendix to today's *Hansard* and *Minutes of the Proceedings of the Senate.*

Hon. Mr. Macdonald: Agreed.

For text of report see appendix to today's Hansard, *pp. 1030-44.*

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

INDIAN AFFAIRS

REPORT OF JOINT COMMITTEE

Hon. John J. MacDonald, for Hon. James Gladstone, Joint Chairman of the Joint Committee of the Senate and the House of Commons on Indian Affairs, presented the second report of the committee.

The report reads as follows:

Thursday, July 9, 1959.

The Joint Committee of the Senate and the House of Commons on Indian Affairs make their second report, as follows:—

The Joint Committee of the Senate and the House of Commons on Indian Affairs was constituted by those Houses of Parliament on May 5 and April 29 respectively.

Since that time this committee has held 12 meetings and has received information from the following: The Honourable Ellen L. Fairclough, Minister of Citizenship and Immigration and Superintendent General of Indian Affairs; Mr. Laval Fortier, Deputy Minister; Mr. H. M. Jones, Director of Indian Affairs; and other departmental officials.

In addition the committee called and heard evidence from the following Indian groups and organizations:

1. The Six Nations Council;
2. The Six Nations Confederacy;
3. The Native Brotherhood of British Columbia;
4. The Manitoba Indian Brotherhood.

As this is the first general review of the Indian Act by a parliamentary committee since 1951, the committee is of the opinion that the scope of this study and investigation must be very broad in order to properly understand and evaluate the problems and difficulties presently facing the Indian population.

It is necessary, too, for the committee to recognize the possibility of shortcomings in the Indian Act in its present form and, if possible, to suggest the means by which that act can be improved and strengthened, not only from an administrative standpoint, but with the purpose of assisting the Indian people in a manner that will improve their educational and economic status.

Numerous organizations, groups and private individuals have expressed a keen interest in the committee's work and in the welfare of the Indian people. Many have expressed a desire to present briefs or to make statements orally. This is particularly true of Indian groups as well as church and welfare organizations.

Early in its sittings the committee realized that it would not be possible to hear all those who wish to make representations and to adduce the necessary evidence during the short period of time at its disposal during this session. With this in mind, the committee heard a few Indian representatives with the expectation that those not heard now would be given an opportunity to make their presentation at a later date.

Your committee unanimously recommends that a similar committee be appointed early in the next session of Parliament to carry on these investigations and studies.

It is further urged that those groups or organizations who have expressed a desire to make submissions be afforded an opportunity to submit a written brief and where necessary to support that brief by oral testimony.

In the taking of written or oral evidence, it is suggested that priority should be given to the hearing of representatives of the Indian groups, organizations or bands. These are the people primarily concerned and their views should receive particular attention.

The officials of the Indian Affairs Branch of the Department of Citizenship and Immigration and those of the Indian and Northern Health Services of the Department of National Health and Welfare can contribute materially to the effectiveness of any committee on Indian Affairs by supplying to that committee all the information possible to assist in an understanding of the administrative difficulties and other matters. These officials could

further assist by requesting the regional supervisors to advise the Indian population of the committee's studies and at the same time indicate to the various bands the means by which their briefs or opinions may be brought to the attention of the committee.

This committee wishes to express its appreciation for the information tendered by the Superintendent General of Indian Affairs, the departmental officials and the Indian representatives.

A copy of the committee's Minutes of Proceedings and Evidence is appended.

Respectfully submitted,

JAMES GLADSTONE,
Joint Chairman.

The Hon. the Speaker: Honourable senators, when shall this report be considered?

Hon. Mr. Aseltine: Next sitting.

NATIONAL ENERGY BOARD BILL

REPORT OF COMMITTEE

Hon. Cyrille Vaillancourt presented the report of the Standing Committee on National Resources on Bill C-49.

The report was read by the Clerk Assistant:

The Standing Committee on Natural Resources, to whom was referred the Bill (C-49) intituled: "An Act to provide for the establishment of a National Energy Board", have, in obedience to the order of reference of June 17, 1959, examined the said bill and now report the same with the following amendments:

1. Page 2: Strike out paragraph (h) of clause 2 and substitute therefor: "(h) "international power line" means facilities constructed or operated for the purpose of transmitting power from any place in Canada to any place outside Canada;"

2. Page 25, line 19: Immediately after "years," insert "from a date to be fixed in the licence,".

The Hon. the Speaker: Honourable senators, when shall this report be adopted?

Hon. Mr. Vaillancourt: I move that it be adopted now.

Hon. Mr. Macdonald: Explain.

Hon. Mr. Vaillancourt: The honourable senator from Hanover (Hon. Mr. Brunt) will explain the amendments.

Hon. William R. Brunt: Honourable senators, although I did not sponsor the bill, I had quite a bit to do with the amendments. It will be noted that the first amendment deals with the definition of "international power line". When this was first considered by the committee, the committee was of the opinion that an international power line as originally defined in the bill would include power lines which were built for domestic purposes. As an example, one could take the power line that was constructed by the Ontario Hydro-Electric Power Commission running from Des Joachims on the Ottawa River to Niagara Falls, where it feeds into the Niagara system. At the present time no power is being exported by the Commission over this particular line, but it was felt that if a stub line were built from Niagara Falls, Ontario, to Niagara Falls, New York, to export part of this power, then under the original definition as set out in the bill the entire line from Des Joachims to Niagara Falls would become an international power line. For that reason the minister and those who framed the bill readily agreed to the amendment, so in a case such as that, if a stub line were built, only the stub line would be an international power line, and the line which is located entirely in Ontario for the purpose of supplying power domestically would not be regarded as an international power line.

Hon. Mr. Roebuck: How do you define a stub line?

Hon. Mr. Brunt: My own definition of a stub line would be a line built from the Ontario source over to the United States.

Hon. Mr. Roebuck: In this particular case?

Hon. Mr. Brunt: In this particular case, yes. In other words, under this amendment an international power line now would be a line which is used practically exclusively for exportation of power from Canada to the United States.

The second amendment is a very simple one. You will find it was made in connection with paragraph (b) of clause 85, on page 25 of the bill. The paragraph reads as follows:

85. The Governor in Council may make regulations for carrying into effect the purposes and provisions of this Part and, without restricting the generality of the foregoing, may make regulations respecting

(b) the duration of licences, not exceeding twenty-five years,

After the words "twenty-five years" the following words were added by the committee:

—from a date to be fixed in the licence.

The reason for this amendment was as follows. It is necessary to have a licence before proceeding to build a pipe line for the export of gas or oil or before arranging for financing such a pipe line, and probably a year or two years would elapse from the time the licence was obtained until actual exportation of gas or oil took place. At the time the licence was granted the witnesses before the board could tell the board how long in their opinion it would be before they were ready to export gas or oil, and at that time the board could insert the date on which the licence was to commence to run. It would run from that date for a definite period, not exceeding 25 years. This amendment was acceptable to the minister and to the people who framed the bill.

Hon. Mr. Macdonald: May I ask the honourable gentleman if these amendments were the result of suggestions by the Senate committee to the Government or were they suggestions from the Government to the committee?

Hon. Mr. Brunt: The suggestions came from the committee, but once they were brought to the attention of the minister and the people who framed the bill they readily saw that they were good suggestions and were quite willing to adopt them.

Motion agreed to.

THIRD READING

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

Hon. Mr. Macdonald: Honourable senators, I suggest that if this bill has to go back to the Commons it may be advisable to have it receive third reading today.

Hon. Mr. Brunt: I suggest that third reading be given tomorrow.

Hon. Mr. Haig: Honourable senators, I was one of those present at the meeting of the committee, but I take no credit. Certain gentlemen ran the whole thing. The rest of us just looked on, but we concluded that the report recommending these amendments should be adopted unanimously.

Hon. Mr. Aseltine: Honourable senators, I move the third reading now.

Motion agreed to and bill, as amended, read third time and passed.

CONVENTION ON NATIONALITY OF MARRIED WOMEN

PROPOSED AMENDMENT TO PROPOSED RESOLUTION OF APPROVAL

On the notice of motion by Hon. Mr. Aseltine:

Resolved: That it is expedient that the Houses of Parliament approve the Convention on the Nationality of Married Women, done at New York on February 20, 1957, and that this house do approve the same.

Hon. Jean-François Pouliot: Honourable senators, I wish to give notice of an amendment to this motion appearing on the first page of today's routine proceedings. I move that the motion be amended by adding thereto the following paragraph:

Under the Canadian Citizenship Act which came into force on January 1, 1947, women have equal status with men and the citizenship laws permit married women to have a citizenship distinct from that of their husbands.

The motion would then read as follows:

Resolved: That it is expedient that the Houses of Parliament approve the Convention of the Nationality of Married Women, done at New York on February 20, 1957, and that this house do approve the same. Under the Canadian Citizenship Act, which came into force on January 1, 1947, women have equal status with men and the citizenship laws permit married women to have a citizenship distinct from that of their husbands.

Honourable senators, the reason why I am presenting this amendment is that the motion is late. For some ten years we have had on our statute books legislation similar to what is proposed in the convention. Therefore Canada should be given credit for having set the precedent for the United Nations.

Honourable senators, on a question of privilege: On June 30 some answers to a series of questions of mine were given by the Department of Citizenship and Immigration, and I find them far from satisfactory. I think the attitude of some departments should be changed, and I say that in all deference to the honourable Leader of the Government (Hon. Mr. Aseltine), and even to the minister of the department, because these answers were prepared by officers of the department. The answers are incomplete and inaccurate.

In virtue of Chapter 33 of the Revised Statutes of Canada, 1952, section 1, a Canadian citizen is a British subject.

Section 23, subsection (2), reads:

—the expression "British subject" and the expression "Commonwealth citizen" have the same meaning.

I asked these questions:

—how many persons in Canada:

(a) are British subjects, Canadian citizens, and citizens of the Commonwealth?

(b) are British subjects but are not Canadian citizens nor citizens of the Commonwealth?

(c) are citizens of the Commonwealth but are not British subjects nor Canadian citizens?

(d) are Canadian citizens but who are not British subjects nor citizens of the Commonwealth?

(e) are neither British subjects nor Canadian citizens nor citizens of the Commonwealth?

We have three nationalities in Canada, and we cannot do anything about it. I wanted information about that situation, but the answer implies that there are no British subjects in Canada, that there are only Canadian citizens, and no mention is made of citizens of the commonwealth. I would like to know what is the difference, and that is why I am asking some questions today. The timing of the answer, in which no mention was made of any British subjects in Canada, was very bad. I could not understand the Government giving that answer during the Royal visit.

On a further question of privilege: I regret the high-handed attitude of some bureaucrats in answering questions raised by members of either House of Parliament. For instance, I asked:

(1) In Canada, how many married women have not been divorced and not separated from their husbands?

I do not see why the Department of Citizenship and Immigration does not have the figures with which to answer that question, but the department said it has no statistics on the matter.

And I asked this question:

(2) How many of those married women living in Canada have a citizenship distinct and different from that of their husbands?

The department says statistics are not available, but it should have statistics from which that information could be given. The information should be on the desk of the deputy minister and other officials of that department. It is unfortunate that members of Parliament have to tell them how to do their work. We get no assistance from them. When we ask questions, they reply that they don't know the answers. That is not the way it should be done. They should have a record of what is happening.

My third question was:

(3) Has the Canadian Government received from married women living in Canada and women's associations in Canada requests for amendment to the laws to permit married women to have a citizenship distinct from that of their husbands?

That is a direct question. The answer given is this:

No. Under the Canadian Citizenship Act, which came into force on January 1, 1947, women have equal status with men and the citizenship laws permit married women to have a citizenship distinct from their husbands.

I wonder why there is on our Order Paper and on that of the other house a proposed resolution of approval of the Convention on the Nationality of Married Women. The Minister of Citizenship and Immigration is insisting that that resolution be passed. For what reason? We already have what is proposed in the convention. Canada has set an example second to none in the world, and we are not given credit for it. We have to sign and approve of a convention that has been prepared by men who wear long beards, long hair and goggles.

Hon. Mr. Brunt: Why the goggles?

Hon. Mr. Pouliot: They should shave and have their hair cut.

The Hon. the Speaker: Honourable senators, I understand that the motion, notice of which is on the Order Paper, will be moved this afternoon. An amendment to a motion cannot be proposed until the motion itself has been moved. Therefore, I rule this proposed amendment out of order.

PROPOSED RESOLUTION OF APPROVAL—DEBATE ADJOURNED

Hon. John Hnatyshyn moved:

Resolved: That it is expedient that the Houses of Parliament approve the Convention on the Nationality of Married Women, done at New York on February 20, 1957, and that this House do approve the same.

He said: Honourable senators, as the Convention on the Nationality of Married Women is a particularly forthright document, the resolution we have before us will not require a lengthy explanation.

The purpose of the convention is to ensure that the nationality of a married woman will not automatically be affected by marriage to a national of another country, by the dissolution of such marriage, or by a change of nationality by the husband during the marriage; that the husband's acquisition or renunciation of the nationality of a state will not prevent the retention of her nationality by the wife; and that the wife of a national will be permitted to acquire her husband's nationality should she so wish, by naturalization procedures in her favour. This is expressed in the three substantive articles of the convention, articles 1, 2 and 3.

A number of copies of the convention were tabled some time ago, and I believe they have been made available to honourable senators.

Until a few decades ago, a woman who was of different nationality than her husband acquired his nationality automatically on marriage and lost her own, but in time a number of states enacted legislation providing that no such change in a wife's nationality would take place automatically. Because this action, progressive though it was, was not followed universally, domestic laws were brought into conflict. A consequence was that while women no longer always acquired the nationality of their husbands, they still lost their own, thereby becoming stateless.

Canada did not wait for the establishment of an international convention on the subject, but took steps as early as 1931 to maintain the national status of Canadian women who married nationals of countries that no longer granted automatic naturalization upon marriage. By the Canadian Citizenship Act of 1946, Canada became the first country of the Commonwealth to provide a fully autonomous citizenship status to a woman. Unless she herself wishes, a Canadian woman will not lose her nationality, nor will an alien woman gain Canadian nationality, upon marriage. In hand with this, a simplified naturalization procedure exists for the alien wife who wishes to acquire the nationality of her Canadian husband.

Honourable senators will be interested in the history of the commendable document we are considering. At the winter session of the Economic and Social Council of the United Nations in 1949 it was decided that an International Convention on the Nationality of Married Women should be prepared. The

matter was subsequently considered by the Economic and Social Council, the International Law Commission and the Commission on the Status of Women. The views of member countries of the United Nations were solicited and a draft convention was prepared and circulated to the various Governments for comment.

At the Eleventh Session of the General Assembly of the United Nations, in 1957, a resolution was adopted opening the convention for signature and ratification. Canada, which had taken an active interest in this question at United Nations, and which was one of the states promoting the drafting of the convention, signed the document on February 20, 1957. At the present time twenty-two countries have signed the convention, which came into force last August.

As I have indicated, the substantive parts of the convention are already reflected in the Canadian Citizenship Act and are in harmony with Canadian law. Nonetheless, I am confident that honourable senators will wish to show their approval of the role Canada has taken in promoting the adoption of an instrument which will safeguard the rights of women by supporting this resolution.

On motion of Hon. Mrs. Wilson, debate adjourned.

FARM CREDIT BILL

SECOND READING

Hon. Arthur M. Pearson moved the second reading of Bill C-67, to provide for the extension of long term mortgage credit to farmers.

He said: Honourable senators, we have before us Bill C-67, to provide for the extension of long term mortgage credit to farmers. This is the third, and, I believe, the final, piece of legislation brought forth by the Government in this session with the idea of assisting farmers across Canada.

Hon. W. Ross Macdonald: What were the other two?

Hon. Mr. Pearson: The Crop Insurance Bill and the Farm Improvement Loans Bill.

Before I start my explanation of the bill I might say that according to figures of the Dominion Bureau of Statistics the present value of farms, live stock and equipment in Canada amounts to some $11 billion, the present value of lands and buildings being $6 billion 600 million, and of live stock and machinery being $4 billion 400 million. It is interesting to note that while the land and buildings have been proportionately decreasing in value from 80 per cent in 1931 to 70 per cent in 1941 and 60 per cent in 1958, on the other hand, live stock and machinery were valued in 1921 at 20 per cent and in 1941 that value had increased to 30 per cent, and in 1958 it stood at 40 per cent. The actual value, however, of lands and buildings has been going up considerably, but, in proportion, live stock and machinery are increasing in value a great deal more.

Then, again, the size of the farms shows that in 1921 the average farm in Canada was 198 acres, and in 1956 it had increased to 304 acres. On the other hand, in the Prairie regions alone the average size in 1921 was 344 acres, and in 1956 the average farm had increased to 546 acres. From those figures it will be seen that in western Canada the average farm now comprises one section of land, or very close to it.

This, in a way, shows the trend of farming and indicates one of the reasons why, under this act and previous acts, some consideration has to be given to the amounts to be lent out by the Government through loans to farmers so that they may carry on, even as they have done previously. In other words, loans or credit had to be streamlined with present-day conditions.

Bill C-67, the new Farm Credit Act, is now under consideration. If this bill receives the approval of the Senate and obtains royal assent, a Farm Credit Corporation will come into being which will take over all the assets of the present Canadian Farm Loan Board.

Hon. Mr. Roebuck: May I ask the honourable senator, before he leaves the statistics, if he has the figures of land values of farms in Canada for previous years?

Hon. Mr. Pearson: No, I have not.

Hon. Mr. Roebuck: Are they obtainable?

Hon. Mr. Pearson: I believe so.

Hon. Mr. Roebuck: I think it would be well to have them.

Hon. Mr. Pearson: As I said before, the Farm Credit Corporation will take over the assets of the Canadian Farm Loan Board which now operates. I might say in passing that the Canadian Farm Loan Board has been very active in the past year, and has loaned out to some 1,523 farmers in Saskatchewan a total of $8,358,350, while to 1,216 farmers in Ontario it lent $9,950,976, or roughly $1,600,000 more.

The assets of the Canadian Farm Loan Board will be taken over by the Farm Credit Corporation. The present staff of the board will be transferred to and become the working staff of the corporation.

One of the changes made will be that the advisory committee will be increased to at least 6 but not more than 9 members and a

chairman, the majority of whom will be farmers or representatives of farm organizations.

This new corporation may make arrangements with the Director of the Veterans' Land Act, utilizing the services of any person employed by him to assist in the administration of this new act.

The capital of this corporation shall be an aggregate sum of $8 million, which shall be taken from the Consolidated Revenue Fund. The amount of money which can be loaned by the corporation has been increased from $120 million to $200 million—that is, 25 times the capital of the corporation. I might say that last year there was a short bill brought in whereby the capital of the Canadian Farm Loan Board was raised to $6 million.

Following are some of the purposes for which loans shall be made to farmers, namely, to acquire land, to purchase fertilizers, seed, live stock and equipment; to erect farm buildings; to clear, drain, irrigate or fence land and to discharge any liabilities. In other words, a farmer may be able to consolidate his liabilities by taking a loan from the Farm Credit Corporation.

Hon. Mr. Davies: May I interrupt to ask a question? Can the honourable senator inform the house how many farms there are in Ontario and what is their average size?

Hon. Mr. Pearson: I am sorry I have not that information, but I could get it for my honourable friend.

These loans shall be made to farmers only. If a farmer has one or more occupations besides farming, the Governor in Council may designate which, in his opinion, is the farmer's principal business, and if it is farming, the farmer can qualify for a loan. Loans may also be made to farm co-operators, who operate distinct farming entities, or to a group of men who form a society in farming. The amount per loan has been raised from the sum of $15,000 to $20,000, or to a total of 75 per cent of the valuation of the lands and chattels.

Hon. Mr. Macdonald: Is that an increase in the percentage?

Hon. Mr. Pearson: Actually it is an increase in the inflated price of money.

Hon. Mr. Macdonald: I understood my honourable friend to say there was an increase in the amount of the loan which a farmer can receive. My question was: Is the 75 per cent of the value an increase over the former percentage of the value?

Hon. Mr. Pearson: Yes. Formerly it was 50 per cent of the value and it is being raised to 75 per cent. As I say, the maximum amount of the loan is raised from $15,000 to $20,000, or to a total of 75 per cent of the valuation of the lands and chattels.

The bill also provides for supervised farm loans. Under these supervised farm loans the total loan may be $27,500, or 75 per cent of the approved value of farm lands and chattels. In this case the corporation would require that the loan be supervised until the amount of the loan has been reduced to 65 per cent of the total amount loaned.

I mentioned earlier that the Director of the Veterans' Land Act can be called in to assist in the work of the Farm Credit Corporation. In other words, similar assistance will be given with respect to this legislation as has been given throughout the years with respect to the Veterans' Land Act.

Hon. Mr. Macdonald: Is not that legislation for the benefit of younger men?

Hon. Mr. Pearson: This legislation is for younger men too. Only farmers between the age of 21 to 45 can get this type of loan.

Hon. Mr. Davies: Can a farmer get a loan in order to buy a farm or must he have a farm to begin with?

Hon. Mr. Pearson: He can get a loan in order to purchase a farm if he can prove he is a *bona fide* farmer and intends to farm.

The borrower will have to pay a fee of 2 per cent of the amount of the loan, or $100, whichever is the lesser, as the supervising fee. The interest on all loans will be 5 per cent.

Hon. Mr. Macdonald: Is that an annual payment?

Hon. Mr. Pearson: Yes, an annual payment of 5 per cent.

Hon. Mr. Macdonald: I was referring to the amount which the farmer would pay for supervision. You mentioned 2 per cent. Is that an annual payment?

Hon. Mr. Pearson: Yes.

There shall also be carried an insurance on the life of the borrower. This supervised loan may be made to any *bona fide* farmer between the age of 21 and 45 years. The farmer receiving the full $27,500 will not be able to qualify for a farm improvement loan until the loan has been reduced to 65 per cent or less of the appraised value. These loans will be made payable over a period of 30 years.

Honourable senators, I believe this piece of legislation is somewhat overdue, in that costs of land and machinery have gone up considerably, and many farmers find themselves in a position where they cannot obtain sufficient credit to improve their position and their earning power as a full commercial proposition, which is so necessary nowadays

throughout Canada. If we are to maintain farmers in a prosperous and self-help position, they must, like any other business, have sufficient credit. In my opinion, this act is the best basis on which farmers may build for a more solid and prosperous future.

Hon. Mr. Vaillancourt: The honourable senator mentioned an interest rate of 5 per cent and he said insurance is to be carried on the life of the borrower. Can he tell me what the cost of that insurance per $100 is likely to be?

Hon. Mr. Pearson: I do not know. It would vary according to the age of the applicant.

Hon. Mr. Macdonald: Can you tell us the amount of the life insurance that must be carried?

Hon. Mr. Pearson: I do not know. It is not set out in the bill, but it would probably have to cover a certain proportion of the loan. I do not think it would cover the full amount.

Hon. Mr. Macdonald: We could get that information in committee.

Hon. Mr. Pearson: Yes.

Hon. Mr. Vaillancourt: In the province of Quebec all loans made by our *caisses populaires* to farmers are insured. The average cost is 5 cents per $100 per month.

Hon. Austin C. Taylor (Westmorland): Honourable senators, when I first saw this bill as it was introduced in the other house I intended to approach it with a different attitude, for it contained certain features that I intended to oppose strenuously. However, I say quite frankly that, because of a particular amendment, the minister has taken a good deal of thunder out of my talk. I want to discuss the bill briefly in relation to the legislation it is replacing, and I should like to make a few observations and suggestions.

First of all, I should like to congratulate my honourable colleague from Lumsden (Hon. Mr. Pearson) upon his introduction of this bill, but I think I should correct one part of his remarks. I do not believe he intended to create the impression, which he left with me at least, that the present Government was responsible for introducing three pieces of legislation which are of great assistance to farmers. It is true that the new Crop Insurance Bill was introduced by the present Government, but the Canadian Farm Loan Act and the Farm Improvement Loans Act were in existence when the present Government came into power.

The bill now before us is, I believe, an improvement on the present Canadian Farm Loan Act. I have read the bill carefully, and I realize that, as in the case of legislation of all kinds, there must be amendments made from year to year to meet changing conditions that arise. I believe that in the main the bill meets the needs of the farm people in so far as farm credit is concerned. There are some comments and some recommendations I wish to make, in which I may be alone, but nevertheless I shall make them a little later.

I wish to go back to the Revised Statutes of 1952, in which the Canadian Farm Loan Act was consolidated, and I do so to indicate the changing needs over the years—even since 1952, a period of seven years. The act at that time provided a maximum loan to an individual farmer of $5,000; the amount of the loan was not to exceed 50 per cent of the appraised value of the farm; it applied only to tillable land and buildings, and was for a maximum period of 25 years.

In the amendment of 1956 the method of financing was changed to provide money for loan purposes from the issuing of bonds to the issuing of shares of capital stock. The amendment also provided for the issuing of 30,000 shares of $100 each, making the total capital provided out of Canadian revenue funds $3 million, and it provided that the board could loan up to 20 times the capital, or $60 million. The amendment further provided for an increase in the maximum loan to an individual farmer of from $5,000 to $15,000, and increased the provision on a percentage basis of the value of tillable land and buildings from 50 per cent to 65 per cent. I believe that is a correction. That amendment made in 1956 indicates that over the years, as a result of mechanization, new ideas in farming and technology, and all the rest of it, it was obvious to everyone that farmers needed more money to carry on, if they required a loan at all.

In the amendment of 1956-57 the capital stock was increased from $3 million to $4 million, and maximum loaning capacity from $60 million to $80 million. In 1958 the act was further amended to provide for the capital stock to be increased from $4 million to $6 million, and loaning capacity from $80 million to $120 million. The bill before us increases this share capital from $6 million to $8 million, and the amount that may be loaned is increased from 20 to 25 times the amount of capital, so the total amount the board can loan under this bill is increased from $120 million to $200 million. All of this is, I think, to the good, and I approve of the changes, particularly under present conditions.

Subclause (h) of clause 2 is the one that pleases me most. I say that because I am a farmer; I was born on a farm and have

lived on one all my life, and have had something to do with administration of agricultural policies in the Department of Agriculture of my province. I am very happy about this change. Subclause (h) provides that the administration of the act shall be under the Minister of Agriculture instead of the Minister of Finance. Honourable senators, it has been my experience that provincial Secretary-Treasurers or Finance Ministers are very difficult to deal with, because of the very nature of their position. In other words, it is their responsibility to control expenditures to the very minimum in every department of government, regardless of the purpose of the expenditure. This also applies to every member of the staff. They are trained in this respect, and this results, in my opinion, in many applications of good prospective farmers being turned down through lack of experienced personnel who know agricultural conditions in Canada. The transfer of administration from the Department of Finance to the Department of Agriculture, therefore, should result in more equitable and generous administration by reason of the fact that all agricultural officials, from the minister down, have a far greater knowledge of farm credit needs and farm problems.

Clause 3 provides that the Farm Credit Corporation shall consist of five members. This replaces the present provision for from three to five and, in my opinion, is an improvement, even if it may be considered a minor one.

The next important provision is in clause 9. This provides for an advisory committee to the corporation of not less than seven nor more than ten members, including the chairman, to be appointed by the minister, the majority of whom shall—and I underline the word "shall"—be farmers or representatives of farm organizations. I sincerely trust that when these are appointed all areas of Canada will be represented, and that the Atlantic provinces in particular will be adequately represented on this board. There has been some discussion, and I believe profitably so, in relation to the activities of this advisory committee. I am not too much worried about it, because over the years I have become pretty well acquainted with ministers of agriculture in Canada. I think all the officials recognize the need for advice in everything pertaining to agriculture, whether credit policies or any other matters, and while I would like to see it spelled out a little more definitely that the committee shall hold so many meetings per year, I am not too worried about it because I feel that this board will be composed of representatives of the rank and file of Canadian farmers.

In clause 11, which deals with objects, purposes and powers, the significant change is contained in subclause (d) which provides, among other things, the making of arrangements with the Director of the Veterans' Land Act for utilizing the services of their personnel in relation to the supervised loan provision of this bill, with which I agree. If the experience they have had is any criterion of the success that they have achieved in the Veterans' Land Act administration, this should mean greatly improved administration of the farm credit act.

Clause 16 is another important section of the act. It sets out the purposes for which the proceeds of loans shall be used. I am in accord with most of its provisions. First, clause (i) of subclause (a) says "to acquire farm land". The honourable senator from Lumsden did clarify this to a degree, but I would like to know if it would apply in the following case. Say a farmer has two or more sons, all working together on the home farm, where there is not sufficient work to employ all of them. One or two sons may want to purchase a farm apart from the home farm but may not possess sufficient funds to purchase the farm outright. Will the board have authority under this clause to purchase a farm for the sons, provided they can meet a down payment on the farm equal to 25 per cent of the appraised value of farm and equipment and then take a first mortgage on the property for the balance? If this is not provided for, in my opinion it should be. I will enlarge on this provision a little later.

The clause I intended to speak most strongly on is clause 16, subclause (c), which has to do with the interest rate. I have decided not to make the remarks that I had planned to make on this clause, but I still think, though some may not agree with me, that the interest rate is too high, even at five per cent. I will admit it is uniform, in that the same interest rate applies to farm improvement loans and also applies to loans under the Veterans' Land Act, but I do think that there should be further provision for a lower rate of interest and I am going to make that suggestion a little later on.

Clause 19, which provides that regulations may be made by the board, with the approval of the Governor in Council, contains a provision that is an important improvement over the present act. It is contained in subclause 2 and is as follows:

> For the purposes of this act the value of a farm for agricultural purposes may include the commercial value of any part thereof used for the production of forest products.

Honourable senators, this is particularly important to the farmers of the Atlantic provinces, since the farm wood-lot provides, in many instances, a considerable portion of the annual income to the farmer, and I fully endorse this provision. Under the act as it stands now, no provision is made for taking any cognizance of the amount of a farmer's property that involves logs, timber, pulpwood, or wood of any other kind or description. This, I think, is a good improvement over the present provisions.

Clause 21, which is the second section of Part II of the bill, provides that the amount of the loan shall not exceed 75 per cent of the appraised value of farm lands on the security of which the loan is made. Now, honourable senators, I am not sure if I correctly understood the honourable senator who explained the bill (Hon. Mr. Pearson), that this would include the 75 per cent appraised value of the farm lands. A loan up to $20,000, as I read it, is taken only on the lands and buildings. If an additional loan is made under Part III of the bill, up to $7,500, which is provided for, and I will mention it a little later, then the additional loan supplementary security must be taken by way of chattel mortgage on live stock and equipment, and there is a part there which provides for life insurance on the borrower. Also in clause 22 provision has been made for the maximum period of repayment of the loan, this period being extended from 25 to 30 years. All of these three provisions are important ones and certainly an improvement over the present act, particularly under present-day conditions.

Part III of the bill, entitled "Supervised Farm Loans", contains very important provisions which I strongly endorse and, in my opinion, they will meet with general approval by the farmers of Canada.

The important provision of this part of the bill will be found in clause 26, which provides, as I understand it, for supervised loans up to $27,500 or 75 per cent of the appraised value of the farm lands and chattels. The security taken on the extra $7,500 will be by way of chattel mortgage on live stock, equipment, or any security other than farm land and buildings. Also the loan will be further secured by insurance on the life of the borrower, and will carry with it the compulsory supervision—in other words, a farmer agrees to carry out a plan of farming operations approved by the corporation for which he is required to pay a fee. The borrower must also agree to remain under the supervised plan until the principal amount of the loan outstanding has been reduced to 65 per cent of the appraised value of land and buildings.

All of these provisions, honourable senators, I believe are important and I support them fully.

To summarize, the provisions of the bill which I endorse are as follows:

1. It increases the maximum loan available to farmers from $15,000 to $20,000, and, in the case of supervised loans, to $27,500.

2. It provides for an advisory board consisting mainly of farmers or representatives of farm organizations.

3. It brings the direction and administration of the act under the Minister of Agriculture, where it should be.

4. It provides for long, intermediate and short-term loans.

5. It provides that farm wood-lots will be taken into consideration for appraisal purposes.

If I understand the bill correctly, insurance on the owner or the farmer under the supervised farm plan, under which the loans run to a maximum of $27,500, would provide among other things that if the farmer died before the loans were all paid the policy of insurance would see to it that the balance of the loan would be paid and the farmer's children or his widow would take the farm over and own it in its entirety. I am not sure that I am right in that, but if not, I believe it should be that way.

Hon. Mr. Macdonald: That would mean that if a farmer were not insurable he could not get a loan under this part.

Hon. Mr. Taylor (Westmorland): It could be. I am not sure. I am merely stating my view of this and asking if that is correct as I hope it is. I trust that the bill will be referred to a committee so that we may be able to get more details about it.

As I said a moment ago, I am not quite happy about the interest rate as provided for in paragraph (c) of clause 2. Let me repeat that in my opinion the interest rate is too high. In saying this I am thinking particularly of eastern agriculture; I do not know the west so well. Surely, honourable senators, the farmers of Canada are entitled to a little more generous consideration in their financial problems. I think these should have been attended to and remedied some years ago.

While I realize that over the years many national policies have been adopted to assist our farmers, for which they are grateful, let us not forget that other industries, other classes, other sections of our population have been assisted too in many ways, such as tariff provisions, concessions, assistance in trade development, depreciation allowances and so on, and in many other ways to which the farmer contributes through hidden taxes

on practically everything he buys. Let us not forget, either, that he is engaged in an occupation where climatic conditions, such as rain, hail, frost and drought, will determine to a very large degree the measure of his income. There is only one other group in the world who have to face similar hazards—I refer particularly to our fishermen. Therefore we should grant every possible assistance to farmers in their magnificent endeavour in what I consider the most important labour of mankind, that is, the tilling of the soil and the production of food.

It has been stated by eminent authorities in many countries that investment in farm enterprises where money costs are more than 3½ per cent to 4 per cent will not give the operator a decent wage and standard of living after the payment of all costs, including depreciation. This is particularly true in the present cost-price squeeze. You may well ask, "Why do farmers remain on the farm?" The answer is, the total investment of the farmer's life's work is tied up in the farm. He works long hours, and is reasonably well satisfied with a lower standard of living than the majority of people are, and his love for the good earth keeps him there.

I believe that we owe the farmers of Canada something better. This bill, if passed, will help in their long struggle for a happier and better life. But I had hoped, honourable senators, that before a new bill was presented to Parliament the Government of Canada, through the Minister of Agriculture, would consult with all provinces with a view to consolidating all the farm settlement and loaning policies of the dominion and the provinces under one general national act which would meet all our framers' needs in every province at an interest rate of not more than 4 per cent, with the provinces and the dominion sharing on a 50-50 basis in administrative costs as well as in any losses that might accrue, and that the act would be administered by the national Government to ensure uniform administration right across Canada. I think it is generally agreed that the national Government can borrow money more cheaply than the provinces can.

I would go so far as to suggest that the operation of such an act in any province be conditional upon that province's willingness to share, on the basis I have suggested, the administrative costs and any losses that might accrue. Not only would such an act accomplish the items I have indicated, but it would also eliminate the large number of existing duplications of farm loan services by the national Government and the many such organizations that there are in every province. In the long run, even with the lower interest rate and the absorption of losses, if any, the cost to the taxpayers would be less by reason principally of the elimination of the present duplication and overlapping of services.

Honourable senators, back in the years when the Rowell-Sirois Commission was holding its meetings throughout the provinces of Canada I presented the case of agricultural policies for the province of New Brunswick. I very distinctly recall that the view expressed by the commission at that time was that there should be no duplication of services as between the dominion and the provinces; that if any such duplication existed it should cease, and the services should be rendered through a co-operative plan whereby the provinces and the dominion would share the responsibilities on an equal basis. I realize that objections may be raised in some quarters because the question of provincial autonomy would arise. But, as far as I am concerned, I am prepared to forgo any such fanciful suggestion for the sake of cheaper money to our farmers, better supervision of farm loans and more uniform administration provided at for less than the present cost to the taxpayers of Canada.

Honourable senators, in closing my remarks I should like to pay a special tribute to the farm people of Canada. I have worked with them and have known them intimately over a long period of time, during peacetime and wartime. I know something of the contributions these people have made to the progress of this country. I am familiar with the hardships they suffered especially during the war years when older people, many of them older than some of us, did the work on the farm while their sons and daughters were fighting overseas for their country. I commend them, not only for their magnificent effort in adapting themselves to meet new problems that have developed as a result of technological and other advances, but because they have stayed on the job when the returns from their farms have been diminishing and, at the same time, costs have been increasing year after year. And they have done this without too much complaint. This characteristic is possibly the main reason why our farm population has had such a stabilizing influence on our whole national outlook.

It will be recalled that on June 25 last, in my remarks on the Farm Improvement Loans bill, I referred to the drop in farm income and at the same time the greatly increased cost of production, and I used 1949 as a basis when costs of production and wholesale farm prices equalled 100. Then I gave the comparable prices for 1958, when

farm wholesale prices dropped to 97 and farm costs had risen to 127, indicating the cost-price squeeze the farmers have been caught in.

I would now like to give some more interesting figures. In 1948 the total number of men employed on farms in Canada, including owners, was 1,096,000, or 22 per cent of the total working force in Canada. Ten years later, 1958, the total number of men employed on farms dropped to 712,000, or 15 per cent less, and constituted only 12 per cent of the total labour force in Canada.

Coming now to the increased production over the same period, and using the figure of 100 for the base period 1935 to 1939, we find that by 1948 production had increased to 125.1.

Hon. Mr. Macdonald: Is that in volume or dollars?

Hon. Mr. Taylor (Westmorland): In volume, not dollars.

In 1958 it had reached 139.4, or an increase of 11.4 per cent for the 10-year period, and of 39.4 per cent for the 20-year period.

Honourable senators, I realize that mechanization of our farms and technological advances, together with weather conditions, have had a considerable bearing on this accomplishment, but I honestly believe the greatest single factor has been the human element. So I would plead, if necessary, that every possible consideration be given to our farmers in this transitional period of adjustment.

We all recognize that all legislation, however good, must be revised, improved and amended from time to time. This has been the case with the Farm Improvement Loan Act since its inception. As I like to give credit where credit is due, and because I believe the general principles embodied in this bill will improve the present act, I support these general principles. At the same time, I strongly recommend the adoption of a new national farm loans act that would encompass all types of farm loans, and thus avoid overlapping and duplication of services that now exist. I intend to support this bill, but I urge upon the Government, in the strongest possible manner, that it give immediate consideration to my suggestion for an overall farm loans act.

Hon. Mr. Davies: Honourable senators, I wish to ask the honourable senator a question. Is there any organization which will enable a young man to get the 25 per cent down payment that he must have to buy a farm? That seems to me to be a rather serious matter.

Hon. Mr. Taylor (Westmorland): It may be serious, but provision is made in some of the provincial acts whereby a man who has some chattels, such as live stock and equipment, may have them accepted as part of his down payment. Most of the provincial farm loans acts have a 25 per cent down payment requirement, but usually a young farmer can meet it on his own or with assistance from his father or other members of his family. That has been my experience.

Hon. R. B. Horner: Honourable senators, I have just a few words to say on this measure.

I have had a lifetime of experience in farming and among farmers, and I have watched the practice of a good many farmers in their efforts to keep the title of their farms clear. In that way they reserve to themselves the facilities for getting a short-term loan; that opportunity is always open to them when their title is clear. Good and all as this bill is, I should not like the suggestion to go out from this house that we are necessarily recommending that all and sundry farmers should go out and mortgage their farms, regardless of whether such a course suits their circumstances.

I believe this is a good bill, but my advice to the young farmer is that he should spare no effort to avoid mortgaging his farm. If he requires short-term financing he can go to the bank for it. If he has a good herd of cattle or some equipment he can, as has been suggested, sell off some of that stock and raise money without putting on a mortgage, and then re-build his herd. It seems to me that all the discussion has been to the effect that it is necessary, and even the best policy, for a farmer to mortgage his farm. My advice to him is: "Don't do it except as a last resort. Keep your farm clear of a mortgage."

Hon. Cyrille Vaillancourt: Honourable senators, may I say a few words? I agree with the honourable senator from Westmorland (Hon. Mr. Taylor) that it may be possible to cut losses on farm loans. For more than twenty years the farmers in Quebec have paid 3½ per cent on provincial loans. I think that this special enactment, with the proposed low interest rates, will permit savings and improvement of conditions in agriculture in Quebec.

As has been mentioned, twenty years ago 22 per cent of the people lived on farms, and now the proportion is only 12 per cent. That is because of the high cost to the farmers of labour, machinery, and so on. If too high an interest rate on loans is charged it will discourage the farmers. If we cannot improve the life of the farmers in twenty years, I do not know what will

be the result. Maybe we shall be obliged to eat capsules, because the farmer will entirely disappear, and with the disappearance of the farmer from the land the social situation will be very bad.

I agree with my honourable colleague that if we can decrease the interest rate on these loans it will be an improvement. It is in the interest of all the people of Canada to save the farmers and to save the land, for by increasing the prosperity of the farmers we increase the prosperity and welfare of the whole nation.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Pearson, bill referred to Standing Committee on Banking and Commerce.

QUEENSTON BRIDGE BILL

SECOND READING

Hon. W. M. Aseltine moved the second reading of Bill S-30, to authorize the construction of a bridge across the Niagara River between the province of Ontario and the state of New York.

Hon. Mr. Macdonald: Honourable senators, I would like to inform the house that I have not received a copy of Bill S-30. I have a copy of Bill S-31, for the construction of a bridge across the Pigeon River.

Hon. Mr. Aseltine: Copies were distributed.

Hon. Mr. Croll: No, just of Bill S-31.

Hon. Mr. Macdonald: Why not deal with Bill S-31 and let Bill S-30 stand?

Hon. Mr. Aseltine: I cannot do that very well, because they dovetail into one another.

Honourable senators, the purpose of this bill is to authorize the replacement of the International Bridge over the Niagara River at Queenston Heights. The present bridge was authorized by Chapter 43 of the Statutes of 1896, which was assented to on April 23, 1896. That act is entitled "An act to incorporate the Queenston Heights Bridge Company".

The present bill, honourable senators, has been requested by the Province of Ontario. This will be an international bridge, with one end in Ontario and one end in the United States of America. On that account federal legislation is required, because relations of Canada with another country are involved. No federal Government financial obligations of any kind are involved.

The bridge will be a toll bridge, and the tolls charged will be subject to the jurisdiction and control of the Board of Transport Commissioners, under section 42 of the Railway Act.

Authority for the construction of the United States portion of this bridge has already been granted in the United States, but the work cannot be commenced until Canadian legislative action has been taken.

Hon. Mr. Macdonald: Which clause in the bill fixes the tolls?

Hon. Mr. Aseltine: I am going to deal with the clauses of the bill a little later on. I am just making some general remarks now.

On account of the international status of the project Canada has certain responsibilities which cannot be abdicated. Therefore, this bill provides for the approval of plans and the location of the bridge by the Governor in Council. Provision is also made for governing the extent and manner in which Canadian labour will be employed.

If honourable senators will refer to the bill they will see that section 1 is noncontentious and self-explanatory. Section 2 approves the construction of the bridge as defined in section 3 of the bill, subject to certain specific provisions contained in sections 4, 5 and 6. As previously stated, such express approval by the Canadian Parliament is required on account of the international character of the bridge.

With respect to section 3, as I stated at the outset Ontario has requested the passage of this bill. Ontario is therefore authorized to construct or have constructed a bridge across the Niagara River from Queenston in Ontario to Lewiston in the state of New York. The bridge is to be an all-purpose bridge, and provision is included for the acquisition and construction of approaches, roads and other works. I presume that "other works" would include immigration buildings and things of that kind on our side, possibly for use by both Governments.

Section 4 provides that the requirements of the Navigable Waters Protection Act be met in the construction of the bridge, and prior to the commencement of construction the province must submit for approval of the Governor in Council plans, drawings, maps and all other information that is required for a full and satisfactory understanding of the project. Subsection (2) of section 4 forbids any change in plans or location of the bridge once the approval of the Governor in Council has been granted without such amended plans being also approved.

Section 5 ensures that Canadian labour and materials will be employed on construction where available, to the extent of 50 per cent, as nearly as may be, of the cost of such labour and materials

Section 6 provides that Canadian workmen on construction must be given appropriate safeguards as to wages and hours of work. This requirement is necessary as Canadian workmen may be working on both sides of the international boundary. In other words, they may be employed on that part of the bridge which is in the United States as well as on that part which is in Canada.

Section 7 is interesting. It amends the Queenston Heights Bridge Company's Act which in 1896 authorized the construction of the existing bridge. However, in the opinion of legal counsel that act does not give the company power to dispose of the bridge and does not provide for disposition of the rights, privileges and franchises or other assets enjoyed by the bridge company. This section 7 remedies these omissions, and Ontario will be able to acquire or have acquired the Canadian portion of the existing bridge, together with the rights, privileges and franchises incidental thereto. These must be acquired before construction of the new bridge is proceeded with. This provision is made retroactive to January 1, 1959. I take it that before it was discovered there was no right in the other legislation to dispose of these assets, rights, privileges and franchises to the province of Ontario, certain agreements were made.

Section 8 authorizes the Province of Ontario, as defined in the bill, to remove the existing Queenston Heights Bridge and its appurtenant works, prior to building a new structure.

Hon. Mr. Macdonald: Does the honourable Leader of the Government (Hon. Mr. Aseltine) know whether it is the intention of the Province of Ontario to remove the existing Queenston Heights Bridge?

Hon. Mr. Aseltine: Yes, that bridge will be taken down and the new bridge erected, as I understand it, in the same location.

Honourable senators, that completes a brief explanation of this measure. If there are any questions I will do my best to answer them.

Hon. Mr. Roebuck: Does the honourable senator know whether the Province of Ontario will provide funds through its Public Works Department for the construction of the bridge or will it incorporate a company for this purpose?

Hon. Mr. Aseltine: About all I can say in reply to my honourable friend is that the federal Government has no responsibility whatever for raising money for the construction of this bridge. I am not certain whether Ontario intends to use its own funds, but I do not think it proposes to incorporate a company.

Hon. Mr. Roebuck: We should have that information.

Hon. Mr. Croll: Does the honourable leader intend to send the bill to committee?

Hon. Mr. Aseltine: That was not my intention.

Hon. Mr. Croll: Surely the honourable leader is not going to ask us to give second reading and final approval without our having a chance to look at the bill. We haven't even got copies of the bill.

Hon. Mr. Aseltine: I understood that copies had been distributed.

Hon. Mr. Croll: No. We have tried to make that point. No one around me has seen the bill. We have just been listening to your explanation. We have copies of Bill S-31, to authorize construction of a bridge across the Pigeon River, but not of Bill S-30, the one we are now dealing with.

Hon. Mr. Aseltine: I am sorry. I did not know that.

Hon. Mr. Croll: That is the point. On this side of the house only the Leader of the Opposition (Hon. Mr. Macdonald) has a copy of Bill S-30.

Hon. Mr. Macdonald: I have a copy that was handed to me while the honourable Leader of the Government was giving his explanation. Naturally, I have not had an opportunity to read it, and of course I could not agree to the bill being given second reading today unless—

Hon. Mr. Aseltine: I have no objection to referring the bill to committee, if that is the wish of the house.

Hon. Mr. Macdonald: I could adjourn the debate on second reading, or the bill could be given second reading today and referred to committee.

Hon. Mr. Croll: Yes, one or the other.

Hon. Mr. Aseltine: I would be quite agreeable to either course.

Hon. Norman P. Lambert: Honourable senators, similar bills dealing with the Ivy Lea Bridge, the bridge at Sarnia, the bridge at Mackinaw, the Rainy River Bridge and other bridges have gone through the Senate in the last ten years or so, and I have a distinct recollection that they were dealt with in committee. I think it should be made clear that state authority is the only authority that has to be consulted in so far as American interests in these projects are concerned.

Due to the international character of the project provided for in this bill, the federal authority in Canada is called upon to give its approval before the province can proceed, with the co-operation of the state authority in Minnesota, to construct this bridge.

Hon. Mr. Macdonald: Has the United States federal authority given its approval?

Hon. Mr. Lambert: In the past the state authority has been the only authority concerned in the United States, and it has been private corporations which have built these bridges. The business interests promoting them were both American and Canadian, and in each case a company was incorporated in the province of Ontario.

I do not think there is anything exceptional about this bill at all in the light of the precedents that have been recorded here in the past ten years, but it would be interesting to know whether or not in this case there is a company involved and if the Province of Ontario has incorporated that company for the purpose of the building of this bridge. It may be so. Certainly it was so in connection with the other instances I have mentioned.

Hon. David A. Croll: Honourable senators, there are some questions arising out of the discussion. Clause 3 of Bill S-30 says:

> The Province of Ontario or any commission, corporation or other authority designated by the Lieutenant Governor in Council of the province of Ontario for the purpose . . . may construct a bridge across the Niagara River for the use and passage of persons,—

This contemplates a corporation or some other such body "for the use and passage of persons". For the moment, I must make reference to Bill S-31, the next bill to be considered, which by way of section 3 says:

> The Province of Ontario . . . may, with the approval of the Governor in Council, enter into an agreement with the State of Minnesota . . ., for the free use and passage of persons, vehicles and goods,—

Bill S-30 contemplates a commission, such as the Niagara Power Commission, or something like that, by which tolls will be collected. Bill S-31 provides for a bridge between the province and the state free of tolls. Under the circumstances, I think perhaps both bills should receive second reading today, and then certainly go to some committee for a reasonable explanation as quickly as possible.

Hon. Mr. Macdonald: I think so. I will agree to second reading today, if the Leader of the Government will consent to a reference to committee.

Hon. Mr. Aseltine: That is quite in order.

Hon. Arthur W. Roebuck: Honourable senators, may I express the opinion that the committee should know all about the proposal, if it is a company, because a toll is to be charged. I can recall some of the previous bills of this kind which we adopted in past years. We knew then exactly what the tolls were going to be, how much money the company was to get and what was the final disposition of the bridge. I remember one case distinctly in which it was provided that on receipt of so much money in tolls the bridge should then become public property. The present bridge across the Niagara River is to replace a bridge apparently in the same location that is now a public highway. That bridge crosses the Niagara River at Queenston now. I have gone across it several times. It is an old bridge, and should be replaced. The public has an interest and a real stake in that bridge.

Hon. Mr. Aseltine: It belongs to the Queenston Heights Bridge Company, which was incorporated.

Hon. Mr. Roebuck: It may still belong to a company, but it is a public highway, and it is the only one in that neighbourhood. The committee should ascertain the authority in detail, what the proposition is, and the public interest involved.

Hon. Mr. Macdonald: Honourable senators, the honourable Leader of the Government (Hon. Mr. Aseltine) in introducing this bill stated, if I understood him correctly, that there was a reference in the bill to the tolls that would be charged. I see no such reference whatsoever there.

Hon. Mr. Horner: Such tolls as the Board of Transport Commissioners—

Hon. Mr. Macdonald: Where do you see that? I cannot see it, and I do not think it is in the bill. There is an indirect reference to tolls in the clause 3 of bill S-31, to which the honourable senator from Toronto-Spadina (Hon. Mr. Croll) referred, namely, "the free use and passage of persons", etc. In bill S-30 now before us the words used are "for the use and passage of persons". The word "free" is omitted. Therefore, I take it that under Bill S-31, for the construction of a bridge across the Pigeon River, no tolls can be charged, whereas under Bill S-30, for the construction of a bridge across the Niagara River between the province of Ontario and the State of New York, the authorities can fix whatever toll they deem advisable.

Hon. Mr. Aseltine: No, that is not correct. They make an agreement, which covers all these items, and that agreement must be submitted to the Governor in Council. They will

then submit their schedule of tolls to the Board of Transport Commissioners, under the section of the Railway Act which I mentioned, and they will not be able to charge higher tolls than are approved, though they could charge lower tolls. These matters have to be approved by the Governor in Council before they can even start the bridge.

Hon. Mr. Macdonald: I do think the bill should go to a committee, where these problems could be clarified.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Aseltine, bill referred to Standing Committee on Transport and Communications.

PIGEON RIVER BRIDGE BILL

SECOND READING

Hon. W. M. Aseltine moved the second reading of Bill S-31, to authorize the construction of a bridge across the Pigeon River between the province of Ontario and the state of Minnesota.

He said: Honourable senators, this bill is similar in many respects to Bill S-30, which has just received second reading, with the difference that this is to be a free bridge, while the other is to be a toll bridge. The bill now before us is almost word for word the same as a bill we passed last year.

The purpose of this bill is to provide for the construction, maintenance and operation of a bridge over the Pigeon River near the settlement of that name in the province of Ontario, to form a link with the highways in Ontario and in the state of Minnesota.

The bill provides for an agreement to be entered into between the Province of Ontario and the state of Minnesota.

The United States Congress has already passed the necessary authority in so far as Minnesota is concerned, including the right to enter into an agreement with the Province of Ontario.

The Province of Ontario has asked the federal Government to pass enabling legislation, this being necessary because it is an international project. The present bridge was built in 1930 and is now unable to carry the increased traffic. The new bridge will be built entirely by the Province of Ontario and the State of Minnesota, at no cost whatever to the federal Government. And, as I said before, it will be toll free.

This agreement will be subject to the approval of the Governor in Council, so as to make sure that the responsibility of the Government of Canada is properly discharged and not abdicated.

The agreement also will require specifically that during the construction phase Canadian labour and materials will be used to approximately 50 per cent of the total, and further that the employment of Canadians on the project will be in accordance with Canadian law, as I explained in the other bill.

This is what is known as matching legislation. At the national level one part is approved by the United States Congress and the other part by the Canadian Parliament. At the provincial or state level, complementary legislation must be passed by the Province of Ontario and the State of Minnesota, and this legislation must also match. Notes will eventually be exchanged between Canada and the United States, each informing the other what has been done to facilitate the completion of this international project.

Hon. Mr. Macdonald: Does that apply to the former bill also?

Hon. Mr. Aseltine: Yes, I would say so. I was referring to the bill to authorize construction of a bridge which is in the Maritimes, the Campobello-Lubec Bridge. The text of that bill was identical with that of the Pigeon River Bridge Bill.

I will now deal with this bill section by section.

Section 1 is self-explanatory and is noncontentious.

Section 2 merely approves the construction, operation and maintenance of the bridge.

Section 3 extends express authority to the Province of Ontario to enter into the agreement, with the approval of the Governor in Council, including securing title to approach roads and other things, the same as in the Queenston Heights Bridge Bill. This section also provides that the bridge be toll free.

Section 4 has to do with the safeguarding of navigation on the Pigeon River, and to that end provides that the plans, etc. be submitted to the Governor in Council for approval. Subsection 2 forbids commencement of work until that approval has been obtained.

Section 5 is the labour and materials section, the same as in the Queenston Heights Bridge Bill.

Section 6 has to do with the application of the Fair Wages and Hours of Labour Act.

And finally, provision for the approval of the agreement by the Governor in Council has been deliberately inserted in order to make sure that Canada's federal interests are properly taken care of in any agreement that may be concluded.

I presume honourable senators will want this bill referred to the Transport and Communications Committee, so that this bill may be considered along with the Queenston Heights Bridge bill.

Hon. A. K. Hugessen: Honourable senators, I have only one comment to make. We have here bills to authorize construction of two international bridges, both extending from a point in Canada to a point in the United States. In the first bill, Bill S-30, I looked for a clause which I thought should be there, and which I think is usually to be found in bills of this character, authorizing the Government of the province concerned to make an agreement with the state opposite it for the construction of a bridge. In Bill S-31 this standard clause appears, in section 3, authorizing the Province of Ontario, with the approval of the Governor in Council, to enter into an agreement with the State of Minnesota for the construction of this bridge. Of course the reason for that is that our federal Parliament has jurisdiction over international matters of every kind and a province cannot by itself and of its own motion, without authorization from the federal authority, make an agreement with any foreign state or a section of a foreign state. But there is no similar clause in Bill S-30, the one dealing with the Queenston Bridge. In fact, I was rather startled at a clause which appears in that bill authorizing the Province of Ontario to construct a bridge from a point in Ontario to a point in New York. I was wondering what the reason is for the difference between the two bills and whether it would not be essential to insert in the first bill a provision similar to the clause which is properly inserted in the second bill, authorizing the Province of Ontario to make an agreement with the State of New York. There may be some perfectly good explanation for omitting the clause, but it should be very clearly explained to us in committee why the clause appears in one bill and not in the other.

Hon. Mr. Aseltine: I do not know whether I can explain that or not, but there is a commission in the United States to which American and Canadian members are appointed. Section 3 of the Bill S-30 says that the Province of Ontario or any commission, corporation or other authority designated by the Governor in Council may build the bridge. That commission, I understand, is still in existence but I am not sure what its powers are, or if a commission is going to build the bridge.

Hon. Mr. Hugessen: Is that commission set up by international treaty?

Hon. Mr. Macdonald: Yes.

Hon. Mr. Aseltine: I think we can get more information along that line in committee.

Hon. Mr. Hugessen: Then I think that the proper form the bill should take is an authorization of the commission and not of the Province of Ontario to build the bridge. It seems rather strange to me that we should be passing an act of Parliament authorizing the Province of Ontario to construct a bridge in the state of New York.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Aseltine, bill referred to standing committee on Transport and Communications.

COMMITTEE MEETINGS

On the motion to adjourn:

Hon. Mr. Aseltine: Honourable senators, I understand the Transport and Communications committee meets tomorrow morning at 9.30. I just mention the fact that these bills could probably be considered at that meeting.

Hon. Mr. Hugessen: As chairman of that committee, I am perfectly willing to hold a meeting at that hour. I only hope that honourable senators who are members of the committee will turn up for the meeting.

Hon. Mr. Aseltine: I understand that the Banking and Commerce committee meets at 10.30. It might be possible for the Transport and Communications Committee to consider these bills and give honourable senators the information they require between 9.30 and 10.30.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

REPORT OF STANDING COMMITTEE ON FINANCE

(Presented by Hon. Mr. Emerson. See p. 1014.)

Tuesday, July 14, 1959.

The Standing Committee on Finance, to whom was referred the instruction to study the threat of inflation in Canada, reports as follows:—

In recent years the problem of inflation has become a major concern of public policy throughout the Western world. An outstanding authority stated to your committee that "Inflation has replaced recession as the major topic of business concern on this continent". The nature of this problem, its cure, and its threat for the future have become matters of urgent interest and widespread discussion. The information submitted to your committee has indicated that these apprehensions have arisen because of the persistent rises in prices and costs and the consequent erosion in the value of money which has occurred during the post-war period; the continuing increases in the cost of living during the recent recession; and the obvious reluctance which has developed on the part of the general public with respect to the investment of savings in long-term fixed dollar obligations, with the result that governments in particular have encountered increasing difficulties in financing their requirements.

It was against this general background that your committee proceeded to carry out its instructions "to study the threat of inflation in Canada". The committee sought the assistance of both competent individual authorities and of representative groups in the community. Within the limited time available the committee was able to arrange 10 public meetings. At its first such meeting the committee heard from a distinguished economist, Professor F. A. Knox of Queen's University, who presented an explanation and broad analysis of the nature of inflationary forces. At its subsequent meetings the committee received the views of leading representatives of industry, commerce, finance, labour, agriculture, and of the Governor of the Bank of Canada. In all, the committee heard from 44 witnesses. Their names, positions, and the organizations which they represent are shown in Appendix A.

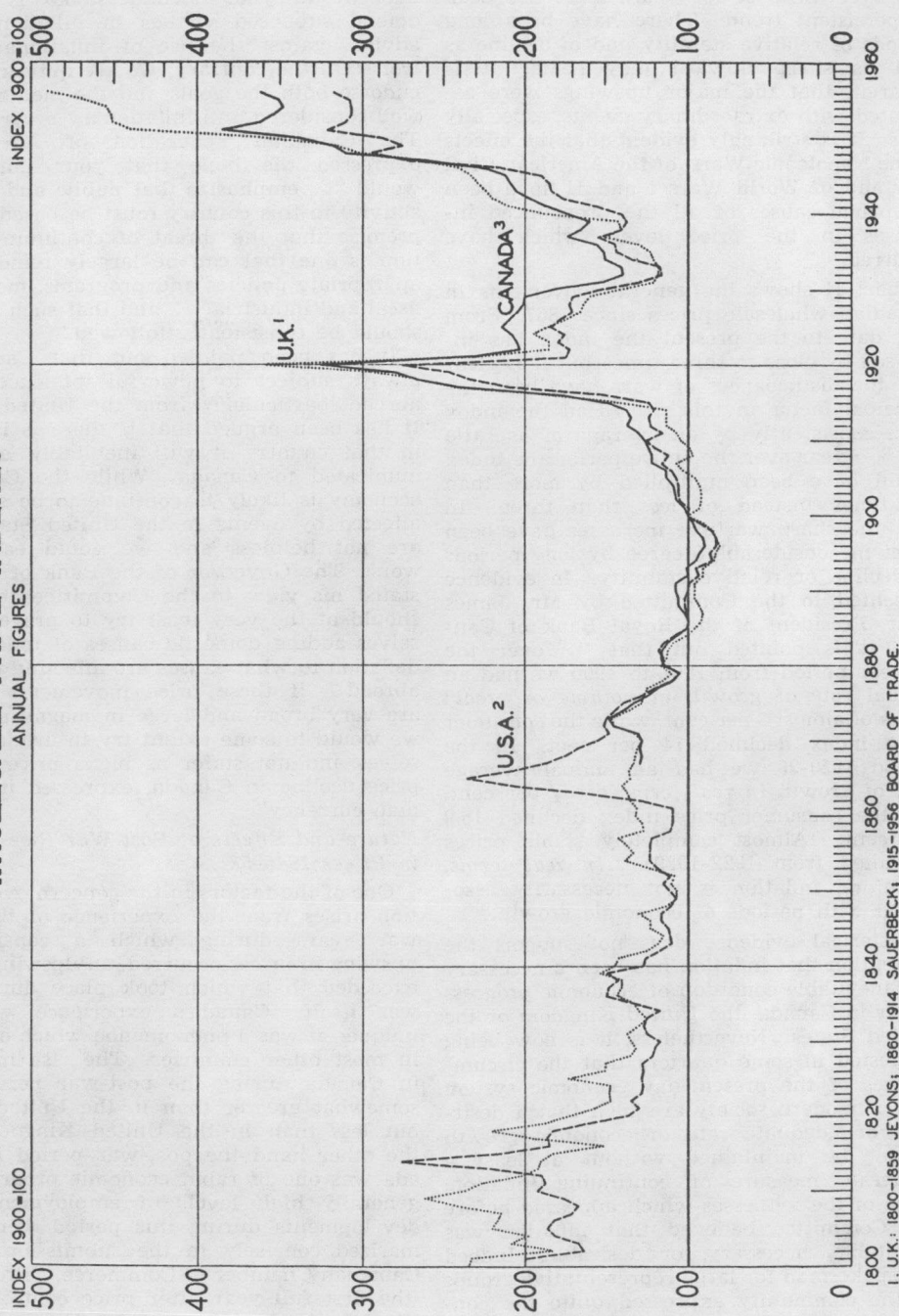
The submissions which were received were of invaluable assistance to the work of the committee. All of the presentations were prepared with special care and were the result of much thought and effort. They were constructive, frank, and reflected the great importance which was being attached to the subject of our enquiry. Consequently, the evidence placed before the committee as published in its proceedings does itself constitute a most valuable contribution to the discussion and elucidation of a problem of great social and economic significance to the future welfare and progress of our country.

In particular, the views and information which were presented have enabled the committee, within the limited time available, to submit some preliminary, but, useful findings. Clearly, there has not been sufficient time to pursue many of the intricacies and implications of so complex and difficult a subject. Consequently, the committee will confine itself in this report to a brief consideration of certain basic issues of vital importance about which there was some consensus of view among the witnesses who came before us. These issues relate to such fundamental matters as the question concerning the historical and long-term inevitability of inflation, the nature and effects of the post-world War II rise in prices, the compatibility of the aims regarding the maintenance of high levels of employment and the preservation of reasonable stability in the value of money, the doctrine of creeping inflation, and finally the existing situation and psychology concerning the threat of inflation.

Inflation not Inevitable

It is not necessary, before entering upon a discussion of this subject, to attempt to present a highly sophisticated definition of inflation. For all practical purposes inflation may be defined as a condition in which there is a persistent rise in the general level of prices. There are some who argue that inflation, defined in this way, has existed throughout the long sweep of history and that this historic trend can be expected to continue its inevitable course in the future. In support of this contention these observers point to the rise which they claim has taken place in the indexes of prices over the last several centuries. However, a close examination of the actual movements of prices in the United Kingdom, the United States and Canada does not support such a sweeping generalization. Professor Knox has explained that "In Great Britain and the United States, for instance, the record since 1800 shows great and long-continued swings in the general wholesale price level. Yet over that long period their indexes of wholesale price levels show no clear trend; increases have, in time, been offset by decreases...the price level (in Great Britain) in 1940 was almost exactly where it was in 1840, and yet there

CHART I


WHOLESALE PRICE INDEXES
ANNUAL FIGURES
INDEX 1900=100
INDEX 1900=100
500
400
300
200
100
0
1800
1820
1840
1860
1880
1900
1920
1940
1960
U.K.¹
CANADA³
U.S.A.²
1. U.K.: 1800-1859 JEVONS; 1860-1914 SAUERBECK; 1915-1956 BOARD OF TRADE.
2. U.S.A.: BUREAU OF LABOUR STATISTICS.
3. CANADA: D.B.S.: GENERAL WHOLESALE PRICE INDEX.

has been considerable growth in output over that period." These movements in the general levels of prices in the three countries may be observed in Chart I. It will be seen that over the past 150 years there has been no persistent trend. There have been long periods of relative stability and of decline as well as sharp upward movements. It is apparent that the major upswings were associated with extraordinary events, especially wars. It is strikingly evident that the effects of the Napoleonic Wars, of the American Civil War and of World Wars I and II have been the prime causes of all the pronounced increases in the price levels which have occurred.

Chart II shows the general movements in Canadian wholesale prices since 1867. From that date to the present the index has increased by close to three times but it is clear that the disturbances of wars have been the principal factor in this rise. Had the index risen consistently by an average of as little as 2% a year over the entire period the index would have been multiplied by more than six times instead of less than three. In fact, the sharp wartime increases have been offset in considerable degree by long periods of decline or relative stability. In evidence presented to the Committee by Mr. James Muir, President of the Royal Bank of Canada, it is pointed out that "...over the 33 year period from 1867 to 1900 we had an annual rate of growth *in volume or "real" terms* of almost 3 per cent, while the consumer price index declined 14 per cent. In the period 1920-29 we had an annual average rate of growth *in real terms* of 3½ per cent, but the consumer price index declined 16.9 per cent. (Almost completely stable prices prevailed from 1922-1929)...*In real terms,* therefore, inflation is not necessarily associated with periods of economic growth."

Historical evidence does not support the contention that inflation has been a necessary and inevitable condition of economic progress either in Canada, the United Kingdom or the United States. Nevertheless, it is now being suggested in some quarters that the circumstances of the present-day economic system and of modern society are such that a desirable or adequate rate of economic growth cannot be maintained without at least a moderate measure of continuing inflation. None of the witnesses which appeared before the Committee believed that inflation was inevitable, necessary, or desirable. Indeed the spokesman for large representative groups in the community expressed quite the contrary view. The Canadian Manufacturers' Association stated that "We do not accept the philosophy that inflation is either inevitable or desirable and we believe that the will to prevent inflation must be kept vital." The Railway Brotherhoods informed the committee that "Our position (and we repeat this because here especially we want to be sure that we are not misunderstood) is not to defend supposed virtues in inflation or to advise against the use of inflationary controls. On the contrary, we are quite ready to endorse both the goals and the methods of a well considered anti inflationary programme." The Canadian Federation of Agriculture expressed the hope that your Committee would "...emphasize that public and private activity in this country must be based on the premise that the threat of continuing inflation is one that can be largely removed by appropriate policies and programs, monetary, fiscal and industrial ...and that such policies should be consistently followed."

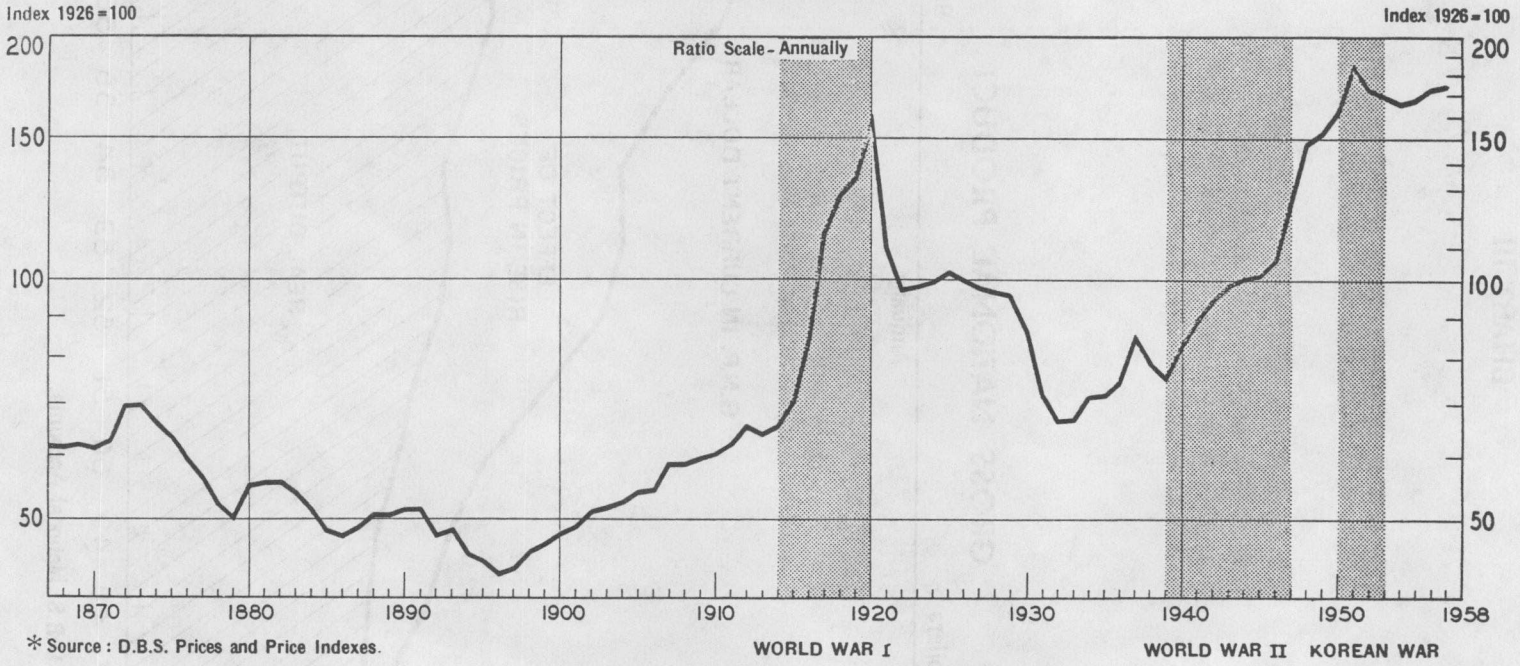
It has been pointed out that Canada is always subject to powerful influences from abroad, particularly from the United States. It has been argued that if there is inflation in that country it will inevitably be communicated to Canada. While the Canadian economy is likely to continue to be strongly affected by events in the United States, we are not helpless and we could easily do worse. The Governor of the Bank of Canada stated his view to the Committee that "we should at the very least try to prevent ourselves adding domestic causes of inflation or deflation to what causes are affecting us from abroad ...if these price movements abroad are very broad and large in magnitude, that we would to some extent try to insulate ourselves and not suffer as big a price rise or price decline in Canada, expressed in Canadian currency".

Nature and Effects of Post-War Rise in Prices 1946-58.

One of the factors in the concern over inflation arises from the experience of the post-war years during which a considerable upswing in prices occurred, an upswing which exceeded that which took place during the war itself. Canada's experience was not unique—it was a phenomenon which occurred in most other countries. The rise in prices in Canada during the post-war period was somewhat greater than in the United States but less than in the United Kingdom. On the other hand the post-war period in Canada was one of rapid economic progress and generally high levels of employment. The developments during this period were summarized concisely in the submission of the Canadian Chamber of Commerce. "From 1947 (the first full year after price controls were lifted in 1946) through 1958 the Consumers' Price Index in Canada increased 47.5 per cent or 3⅝ per cent per annum, compounded. During this 11-year period, however, the

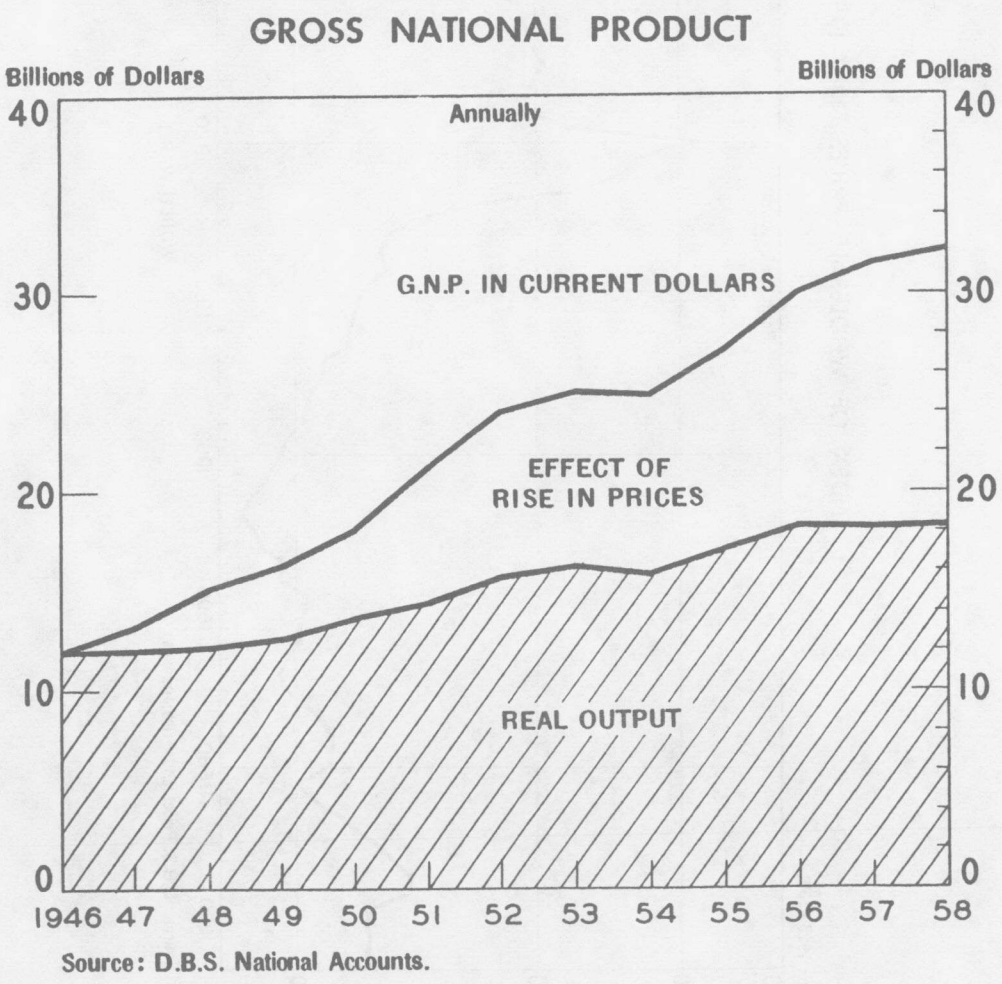
CHART II

INDEX OF WHOLESALE PRICES, 1867-1958 *



* Source : D.B.S. Prices and Price Indexes.

CHART III



Source: D.B.S. National Accounts.

Canadian economy experienced dynamic growth on a scale seldom equalled by any country. Population increased 35.8%, G.N.P. 133.8%, employment 18.1%, and unemployment as a percentage of the working force averaged 3.3% per annum. Gross capital expenditures of all kinds totalled $65.7 billions, or, an average 23.0% of G.N.P. per annum."

Chart III shows the growth in the total physical volume of Canadian production, the growth measured in money, and the effect of the rise in prices over the period 1946-58. In money terms Gross National Production (G.N.P.) rose by an average of 8.7% per annum but more than half of this rate of increase was the result merely of higher prices on the actual goods and services produced.

However, even during this period there was not a relentless and persistent trend. As was emphasized in the submission of the Canadian Congress of Labour there were three distinct periods of inflationary pressure; from 1946-1948 (release of long pent-up consumer demand), from 1950 to 1951 (Korean war and re-armament), and from 1955 to 1957 (investment boom). In the intervening years, some of which were periods of business recession, prices were reasonably stable. While special factors were present during the periods of sharpest upswing these special factors would not have brought about the results they did had it not been for certain underlying conditions which produced a distinct inflationary bias over the period as a whole. The underlying factors most frequently stressed in the evidence placed before the committee were the undue expansion in the supply of money and the substantial increase in government expenditures.

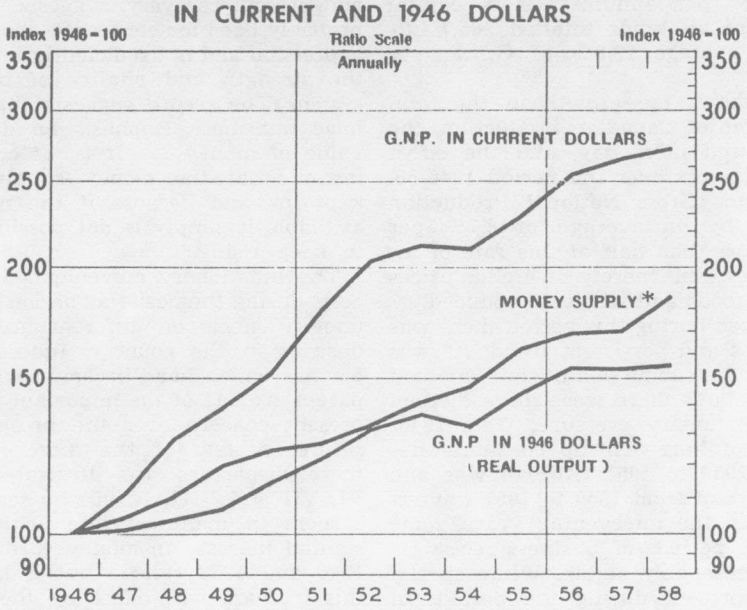
Chart IV shows the relationship which has existed between the increase in the supply of money and the growth in real production. It will be seen that throughout the period the supply of money ran ahead of the rise in the actual output of goods and services in relation to 1946—a year in which the money supply had already been enlarged tremendously as a result of the exigencies of war finance. Furthermore, the effects of the increasing money supply were greatly enhanced by the rise which has occurred in the rate of turnover of bank deposits, as indicated in Chart V. During the early part of the post-war period the expansion of the money supply was the result largely of the so-called "easy money" policy which was designed to promote economic expansion and to help avoid a depression which was widely feared. In the most recent period the expansion of the money supply was the consequence, primarily, of the problems arising out of the financing of the federal Government's cash deficit and the condition of the public debt. Mr. J. Douglas Gibson, General Manager of the Bank of Nova Scotia stated his opinion to the committee that "...the experience of the post-war period, including the recent recession and present recovery, suggests that we have probably been too concerned about the risk of depression and not sufficiently impressed with the strength and vitality of our economic system. The record suggests that we should have put more emphasis on defending the value of money.... It is, of course, fundamental that the money supply should be kept in hand because if the money is not available it simply is not possible for prices to keep rising."

The inflationary movements in prices and costs during the post-war period has had very uneven effects on different groups and industries in the country. Indeed, these disparities which have become increasingly apparent are one of the important causes of the present concern over the prospects for the future. A few of the more important of these disparities are illustrated in Charts VI, VII and VIII. It will be seen that wage earners in manufacturing achieved a substantial increase in money earnings between 1946 and 1958 (135%) but a large part of this increase was offset by the rise in the cost of living (61%). Nevertheless wage earners in manufacturing received an increase in real income, of about 46% over the period. This increase in *real* income, however, compares quite closely with the rise in real output per man-hour in manufacturing with the result that wage-earners as a whole in this large industry have obtained increases in real earnings approximately in line with advances in productivity (see Chart IX). It will be noted that total salaries and wages paid in Canada have risen in a favourable relationship to corporate profits and dividends over the period as a whole (see Chart X).

In agriculture, the increase in the average net money income per farm operator was almost completely offset by the rise in the cost of living with the result that the farmer, on the average, has not shared in the substantial growth of total real income for the country as a whole. Mr. W. J. Parker, President of Manitoba Pool Elevators stated in his submission to the committee "We are concerned with the fact that agriculture in general and prairie agriculture in particular is not sharing commensurately in the national economic fortunes. We note that price changes since 1951 have largely been adverse for agriculture. Farm prices generally declined, while non-farm prices rose, or there was a disproportionate overall price rise unfavourable to agriculture, producing the commonly known 'cost-price squeeze' for

CHART IV

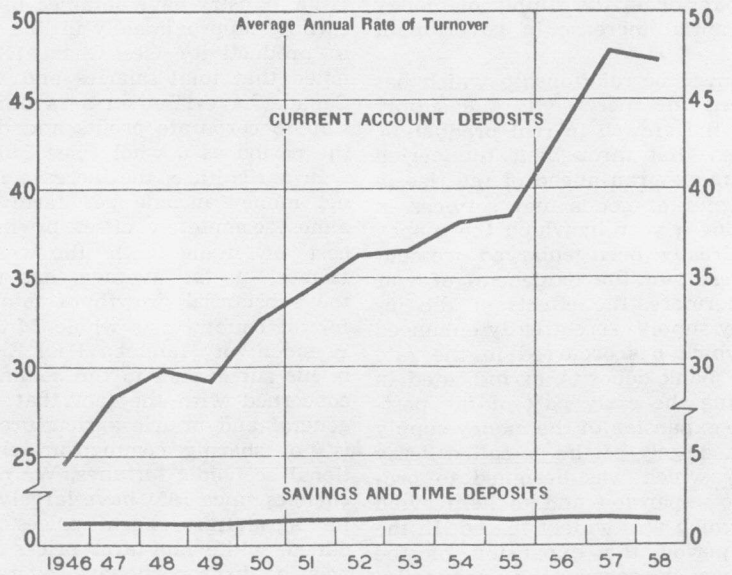
MONEY SUPPLY COMPARED WITH G.N.P. IN CURRENT AND 1946 DOLLARS



* Total currency outside banks plus total chartered bank deposits (less float). Includes Govt. of Canada deposits at the chartered banks.

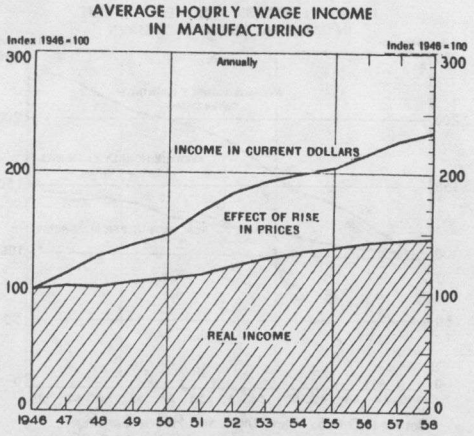
CHART V

VELOCITY OF CIRCULATION OF CHARTERED BANK DEPOSITS



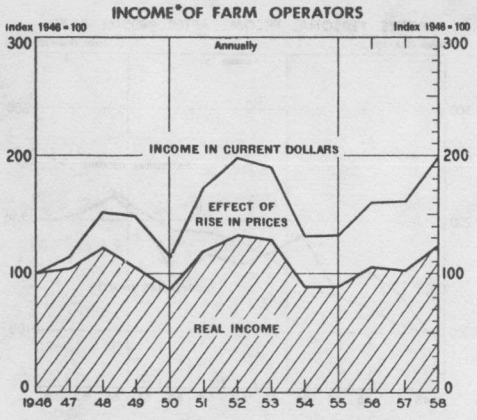
Sources : D.B.S. Cheques Cashed in Clearing Centres and Bank of Canada Statistical Supplement.

CHART VI



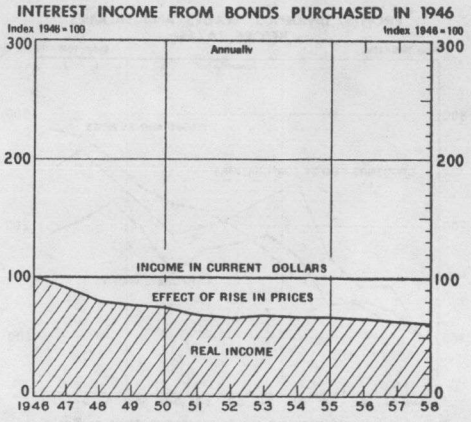
Source: D.B.S. Hours and Hourly Earnings.

CHART VII



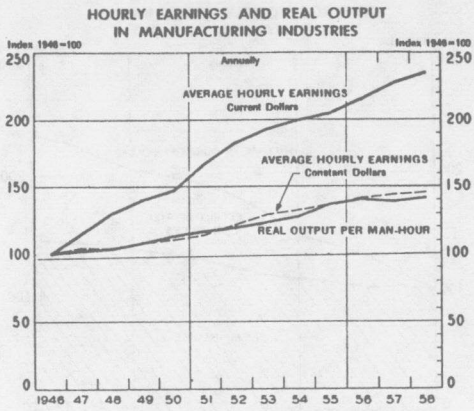
* Average net realized income per farm operator.
Source: D.B.S.

CHART VIII



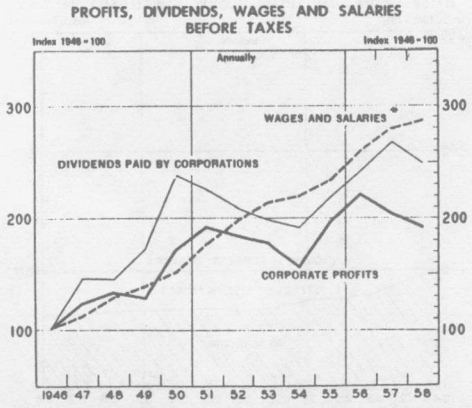
Real Income calculated by deflating money incomes with D.B.S. Consumer Price Index.

CHART IX

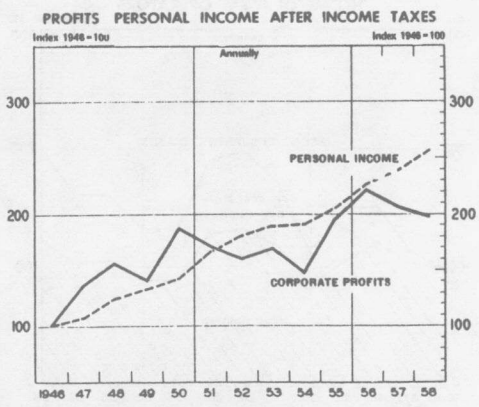


Sources: D.B.S. Man Hours and Hourly Earnings.
D.B.S. Revised Index of Industrial Production.

CHART X



* Includes employer and employee contributions to Social Insurance and government pension funds



Source: D.B.S. National Accounts, Income and Expenditure.

farmers... It would appear that inflation has caused the agricultural industry to receive less than a reasonable share of the national income."

Important parts of the vital Canadian mining industry have been similarly affected. Mr. V. C. Wansbrough explained in his brief on behalf of the Canadian Metal Mining Association that "The mining industry affords an interesting example of how inflationary trends operate, because within the industry we have two types of operation, one type of operation where the price of the product is fixed, and has been fixed, not only for the ten-year period under review but for the past twenty-five years, viz., gold mining, and a type of operation where, as is most general in industry, the price of the product fluctuates with market conditions of supply and demand... vast sums of risk and development capital are constantly required and constantly at work. ...what at a lower level of operating costs is profitably minable ore has, under the impact of inflationary cost trends, to be written off as waste rock, and usually for good. Both these factors render the mining industry highly susceptible to inflationary pressures. ...From the point of view of the mining industry, the important factor is rather the steady trend of cost increases over the last ten years."

Chart VIII illustrates the substantial decline (nearly 40%) which has taken place over the post-war period in real value of incomes and investments which were fixed in money terms in 1946. The groups affected by this loss in real value, averaging 3.8% per year, include bondholders, owners of mortgages, pensioners, owners of life insurance policies, owners of savings accounts in banks etc. The number of persons included in these groups is very large. The committee was informed in the submission of the Canadian Manufacturers' Association that there are "between 1.75 million and 2 million persons covered by employee pension plans; 9.5 million individual savings accounts in the chartered banks; over 2 million owners of Canada Savings Bonds." Mr. A. R. Poyntz, President of the Canadian Life Officers Association, told the committee that "More than eight million Canadians owned $38.6 billion of life insurance at the end of 1958." The Investment Dealers Association in their submission to the committee estimated that "At the end of 1958 there were outstanding some $24.1 billion of Canadian bonds, an estimated $9 billion of mortgages, and $6.8 billion of personal savings deposits...a total of $39.9 billion..." The size of these figures serves to give some indication of the substantial losses which are brought about by the decline in the real value of money, and of the large number of people who are affected. Of course, the losses of the investors accrue to the benefit of the debtors. The difficulty is that in large part these are not the same persons. In other words, the erosion in the real value of money has, over a period of years brought about a very considerable re-distribution of income, not as the result of deliberate policy, taxation, or productive effort, but as the silent outcome of the subterfuge of inflation.

Another effect of the post-war inflation most frequently mentioned by witnesses before the committee was the impact of rising prices and costs upon Canada's competitive position in the international trading world. A number of important Canadian exporting industries have, for one reason or another, found it difficult or impossible to adjust their export prices in line with rising prices and costs at home. The Canadian Chamber of Commerce described the position to the committee in this way—"Thus import competition has been accentuated by costs rising more rapidly in this country. Moreover, some of our exporters are meeting increasingly stiff competition, in part from countries where the tempo of inflation has been less pronounced, thus weakening our terms of trade."

This discussion of the nature and effects of the post-war inflation in Canada is by no means complete, nor is it exhaustive in its analysis. It is intended merely to be illustrative of some of the major dislocations, inequities, and economically disruptive disparities which result from a prolonged and substantial decline in the value of money. Inevitably, the heritage of the immediate past pervades the problems of the present. Hopefully, also, it should hold lessons for the future.

The Compatibility of Economic Goals

The experience of the post-war years, a period of dynamic growth and generally high levels of employment in an environment of rising prices has led to some questioning as to whether the socially desirable aims concerning high levels of employment, an adequate rate of economic progress, and the maintenance of reasonable stability in the value of money are compatible with each other. Most of the witnesses which appeared before the committee referred to this important question and expressed the definite and unequivocable view that these basic objectives of public policy were not only mutually consistent and compatible but that in the end not any one of them could be accomplished without the others.

The submission of the Canadian Life Officers Association stated that "The main objectives of Canadian policy should be a relatively

high level of employment and reasonable stability of the currency. The life companies believe that these two objectives are not incompatible. In fact, the companies believe that if these twin objectives are not given equal weight in the formation of policy and in its implementation, Canada will fall short of the sustained economic growth which could be achieved." The Executive Council of the Canadian Chamber of Commerce stated that "It is of the opinion that the objective of non-inflationary growth over a period of years while difficult is not impossible of attainment. It further believes that steady economic growth is so important to Canada that every sound method for encouraging it should be employed." Professor Knox gave his opinion that "...very few economists will be found, however, to argue that our policy choice lies between full employment plus sizeable price increases, on the one hand, and price stability plus stagnation in the national output on the other... Our policy objectives should... aim at long run stability in the price level... Provided that the economic system retains its competitive and flexible nature and movements of the price level are kept within reasonable bounds, fluctuations of the index of prices below as well as above the long-run average position are not incompatible with high levels of employment and great growth in national output."

The representatives of labour unions who made submissions to the committee agreed that a "stable or reasonably stable" price level was a desirable goal of policy provided that the concern for price stability did not outweigh or obscure what they regarded as the more important issues of the level of employment and the rate of growth of the economy. This attitude emphasizes the importance of pursuing at one and the same time the twin goals of high levels of employment and reasonable stability of prices. Neither unheeded inflation nor substantially and protracted unemployment is socially acceptable. It was frequently pointed out to the committee that prolonged or rapid inflation would sooner or later result in a bust and bring about serious unemployment. Consequently the modern state, and the industrial and labour groups within it, have a heavy responsibility to pursue policies which are designed to make our basic economic objectives compatible with each other.

Creeping Inflation

The experience of the post-war period and recent social and economic trends have caused some observers to think that it is not possible to maintain high levels of employment and an adequate rate of economic growth without at least a mild degree of continuing or "creeping" inflation. These persons point to the increasing concentration of business, the growth of powerful trade unions, the provision of floor prices for agriculture, the rising trend of government expenditures and taxes, and the limited tolerance for any degree of unemployment however small or temporary. It is argued that under these circumstances prices in key sectors of the economy are inflexible against decline, are "administered" and will only move upwards; wage settlements will exceed increases in productivity and will therefore impose a continuing upward "cost push" upon industry; necessary adjustments in the economy will be frustrated by immediate and large increases in government expenditures. It is maintained that under these conditions the highly organized claimants and conflicting interests in the society can resolve their differences only by coming to agreements which involve constantly rising prices and costs, and constantly expanding government outlays. It is further contended that if these upward pressures are effectively resisted by monetary and fiscal policy, unemployment and stagnation would result. Therefore, a "creeping" inflation of prices of say 2 to 3% a year is argued to be the lesser of two evils and is a consequence that should and must be accepted.

These arguments seem to provide an easy and accommodating answer to what have always been fundamental problems in any society, old or modern. The difficulty always with such accommodating answers is that they rest on assumptions which are neither explicitly explained or proved. Basically they are founded on what has been described "a tantalizing fascination in the illusion of greater wealth created by rising prices." It is a fascination which has always caused men and governments to try to find solutions to difficulties in some new and novel method of inflation. It is assumed of course that irresponsibility and almost complete inflexibility in our economic affairs is inevitable in our modern society. It assumes also, that the degree of continuing inflation envisaged will in fact guarantee high levels of employment and that the inflation can in reality be contained within the moderate limits contemplated.

Nearly all of the witnesses who gave evidence to the committee commented on this doctrine of "creeping" inflation and discussed the assumptions on which it is based. The great majority were opposed to this doctrine as a basis for policy. Nor was this doctrine regarded with resignation or impotence.

The spokesman for the Canadian Chamber of Commerce told the committee "that the Chamber of Commerce feels it could not as

a policy tolerate even a creeping inflation. All you can say about creeping inflation is that it is not as dangerous and it is easier to adjust to than a more rapid inflation; but if you are going to erode the dollar the long-run effect is the same. Even the creeping variety has the effect of creating a psychological impact on people which spreads, and people are going to do the very things you don't want them to. In other words, they are going to assume a trend and take actions that will tend to bring about that trend". The Interprovincial Farm Union Council in its brief explained that "The farmer, unlike his counterparts in most other industries, is not in a position to increase his prices to the consumer to compensate him for rising costs of production which are the result of inflationary trends. We cannot increase the price of our wheat and grains in export markets and will be fortunate if these do not continue to decline. Thus even 'creeping inflation', over a period of time, has serious repercussions on the financial stability of farming operations". The submission of the Saskatchewan Wheat Pool emphasized that "In the post-war years, rising costs have become a serious problem for farm people. Farmers are particularly vulnerable to the pressures of inflation because they are unable to pass on their increased costs to someone else". Mr. R. M. Fowler, President of the Canadian Pulp and Paper Association, told the committee "For many reasons, the Canadian pulp and paper industry fears inflation and believes in price stabilty...If the situation over the next few years is one of slow or creeping inflation, it may well be that the impracticability of recovering cost increases in price will have a bad result for this industry and for Canada...It could have serious effects, on the long-term competitve position of this industry in world markets". Mr. James Muir made the emphatic statement that "...over time it (a moderate dose of inflation) would increase the incidence of unemployment, reduce productive efficiency, undermine equity and incentive in the distributions of income, and so prevent Canada from attaining an appropriate rate of economic growth". The Investment Dealers Association discussed the effect on saving "...continually rising prices—or the expectation of rising prices—stimulates spending and discourages the saving needed to finance the new and productive capital equipment on which a rising standard of living depends". Professor Knox commented on the psychological situation which would be created and its likely consequences. "But when you lay it down as an element in national policy that you are not only going to tolerate it if you cannot help it, but you are going actively to assist and to promote, if necessary, a rise in prices of several per cent a year, then it seems to me that you put the public under notice that this is going to happen; and it better begin to protect itself against it. When the public begins on a large scale to protect itself against inflation, your inflationary pressures rise and the keeping of it moderate becomes, I think, impossible." Mr. James E. Coyne, Governor of the Bank of Canada, stated his opinion to the committee "... I do not believe there ever has been or ever will be creeping inflation for any length of time. I think it will either break into a gallop or lead to a collapse...".

Those who expect, or would accept, a situation of creeping inflation have suggested various devices which they argue would ameliorate or overcome some of its evils and inequities. They would facilitate and encourage arrangements for the escalation of otherwise fixed dollar payments and fixed dollar commitments according to some formula geared to the degree of inflation contemplated. Thus there would develop a vast system of more or less automatic adjustments in fixed dollar claims respecting salaries, wages, pensions, utility rates, interest, mortgages and other fixed investments, savings accounts, life insurance policies, annuities, agricultural prices, etc. etc., so that their real values are kept in line with the decline in the value of money. Even if enough electronic computers could be produced to make this untold number of calculations, the result would be merely a crude attempt to restore the *real* positions which would have existed under a much simpler and more direct policy of reasonable stabilty in the value of money.

Once such a system of escalations, hedges, and dodges is in full operation the whole purpose of the creeping inflation policy is gone. Once it is no longer possible for particular groups to gain at the expense of others, through the process of inflation, the policy loses its supposed virtue as a device for reconciling conflicting economic and social claims. Of course there would always be some who would try "to beat the game" (no one has shown how this could be avoided) in which case the escalation formulas would become an engine for converting the "creeping" inflation into a "galloping" inflation. If, in these circumstances, the gallop could be contained through appropriate monetary and fiscal policies as is sometimes claimed, then these policies could have been used effectively in the first place to maintain a reasonable stabilty in the value of money, with at least equally good results in respect of employment and economic progress. Furthermore, the goal of reasonable stabilty in the

value of money is a much more easily understood objective of public policy. In a free and democratic society any policy, such as creeping inflation, which gives rise to vast complications and uncertainties not easily comprehended is a policy that cannot be soundly based.

The Existing Situation and the Fear of Inflation

There was virtually unanimous agreement among those who gave evidence to the committee that there was no actual inflation at the present time, as indicated by the relative stability of the consumer price index over the past year. The problem rather is one of the possibility of renewed inflationary pressure as full capacity output of the economy is approached. It was emphasized that despite the encouraging recovery in business there was still unemployment and a good deal of unused capacity in industry. Consequently the present position was not one in which there are "too many dollars chasing too few goods." The output of goods and services can be increased further by a considerable amount before full industrial capacity is attained. Also, it was pointed out that the deficit position of the federal Government has improved significantly since the last budget and that the deficit is likely to be overcome in the relatively near future as revenues rise following continued improvement in business. This assumes, of course, that in the meantime expenditures will not be materially increased.

In spite of this reassuring picture, there is a widespread fear of inflation. It has been described as an "inflationary psychosis". This fear is said to have arisen from the experience of prolonged inflation during the post-war years, the continued increase in the cost of living and the costs of production during the recent recession, the further increase in government expenditures, the appearance of a large deficit in the federal budget, the rapid expansion in the supply of money associated with the problems of financing the federal deficit, and finally, the persistent talk in certain quarters about the inevitability of some form of inflation in the future, creeping or otherwise. This fear has expressed itself most prominently in the market reluctance of the public to purchase bonds and other forms of fixed interest investments except at short term and sharply increased rates of interest. On the other hand there is a strong preference for stocks, mutual funds, and inflation-hedge properties. The Dominion Mortgage and Investments Association told the committee that "Pressures are developing on our member companies to direct their investments away from their historically fixed interest channels to larger proportions of equity investments of one kind or another... this pressure has a tendency to reduce the amount of funds available for investment in fixed income securities".

Many witnesses emphasized to the committee the dangers which are inherent in a widespread fear of inflation. The greatest danger lies in the possibility that this fear could in itself bring about the inflation which is feared. Mr. J. Douglas Gibson explained how this could come about and the consequences which could follow. "...there is the danger that fear of inflation will set the groundwork for a serious recession. Sooner or later stock prices may get so high in relation to corporate earnings and bond prices that a marked reaction may set in. People may suddenly realize that things are getting out of proportion. This is all the more likely if fear of inflation leads to ill-considered capital investment in some directions or to unnecessary accumulation of inventories."

It is a matter of vital concern that this inflation psychology be overcome and that confidence in the future value of money be made secure. This is an essential and urgent task in the battle against the threat of inflation. However, this task cannot be accomplished by some legerdemain or empty exhortation. There must be, not only a clear statement of purpose, but, above all, there must be a positive demonstration by the authorities in day to day policies that inflationary actions will be avoided. This means the exercise, when necessary, of the required restraint in monetary and credit policies. It means restraint in the growth of government expenditures and the avoidance of deficits, especially when these are inflationary in their effects. However, these restraints cannot work smoothly unless there is also restraint in the pressures which can be exerted by labour, business and other groups. If these pressures are too great either politically or economically they can frustrate the efforts of the authorities and result in unemployment and stagnation.

Authoritative witnesses emphasized to the committee that adequate tools of monetary and fiscal policy for the control of persistent inflation are available. We can muster the will and determination to use them. With the necessary will there is no cause to fear that inflation is inevitable, especially in the present circumstances when the supplies of goods and resources are sample. In a free society public understanding and support are essential. It has been said the "monetary and fiscal policies must not only be intelligent, they must also be intelligible." To this end responsible bodies must be willing to make particular efforts to discuss and explain the issues

involved and the aims which are sought. Your committee hopes that its proceedings, the valuable evidence it has received, and this report will make a constructive contribution to this purpose.

To summarize, your committee concludes that:—

1. Inflation is not inevitable.

2. We reject the doctrine of "creping" inflation as in any way desirable for Canada.

3. The maintenance of reasonable stability of prices should be a basic aim of our economic policy along with our other aims for the achievement of high levels of employment and an adequate rate of economic growth.

4. Reasonable stability of prices is entirely compatible with and essential to the attainment of continued economic progress and high levels of employment.

5. Inflation constitues a hidden tax which falls inequitably upon the public, with grave injustices upon those least able to protect themselves.

6. Inflation is harmful to our basic primary producers and weakens the competitive position of both our export and domestic industries.

7. Tools to contain inflation are available —what is necessary is the will and determination of the people and the authorities to use them.

Your committee records its deep appreciation of the invaluable help received from its consultant and adviser, Dr. John J. Deutsch. He was uniquely fitted by his experience and qualifications to assist the committee in its study and he has had the confidence of all members of the committee.

All which is respectfully submitted.

CLARENCE V. EMERSON
Chairman.

APPENDIX "A"

WITNESSES

F. A. Knox, B.A., F.R.S.C., Professor of Economics, Queen's University.

The Canadian Chamber of Commerce: Mr. Morgan Reid, Chairman, Executive Council. Mr. H. H. Edmison, Co-chairman, Public Finance and Taxation Committee. Mr. W. J. Sheridan, Assistant General Manager.

Mr. A. Ross Poyntz, President, The Canadian Life Insurance Officers Association, and President of Imperial Life Assurance Co. of Canada, Mr. E. C. Gill, President, The Canada Life Assurance Company. Mr. D. E. Kilgour, President, The Great-West Life Assurance Co. Mr. J. A. Tuck, Q.C., General Counsel, The Canadian Life Insurance Officers Association. Mr. David Kirk, Secretary-Treasurer, Canadian Federation of Agriculture.

Mr. W. T. G. Hackett, Assistant General Manager, Bank of Montreal, representing The Canadian Bankers' Association. Mr. G. Arnold Hart, President, Bank of Montreal. Mr. Neil J. McKinnon, President, Canadian Bank of Commerce.

Canadian Pulp and Paper Association: Mr. R. M. Fowler, President. Mr. A. M. Moore, Economist.

Sun Life Assurance Co. of Canada: Mr. E. R. Alexander, Vice President Finance. Mr. J. W. Popkin, Economist. Mr. W. J. McCarthy, Assistant Treasurer.

The Canadian Metal Mining Association: Mr. V. C. Wansbrough, Vice President and Managing Director; Mr. H. J. Fraser, Past-President and Director. (President, Falconbridge Nickel Mines Ltd., President, Ventures Ltd.); Mr. J. R. Bradfield, President. (President, Noranda Mines Ltd.); Mr. W. S. Row, Vice President. (President, Kerr-Addison Gold Mines Ltd.); Mr. A. J. Anderson, Director. (President and Managing Director, Giant Yellowknife Gold Mines Ltd.).

The Investment Dealers' Association of Canada; Mr. N. J. Alexander, Deputy General Manager, James Richardson & Sons, Winnipeg; Mr. M. D. Cox, Director, Anderson and Co. Ltd., Toronto; Mr. G. Cretzianu, a Vice-President, Greenshields and Co., Montreal.

The Railway Brotherhoods: Mr. H. E. Campbell, Secretary; Mr. John Weldon, Economic Adviser.

Canadian Labour Congress: Mr. Claude Jodoin, President; Mr. R. Bell, Assistant Research Director; Mr. Eugene Forsey, Director of Research.

Mr. James Muir, Chairman and President, Royal Bank of Canada. Mr. J. Douglas Gibson, General Manager, Bank of Nova Scotia.

The Canadian Manufacturers' Association: Mr. J. C. Whitelaw, General Manager; Mr. J. A. Calder, Past President, C.M.A. (Vice President and Treasurer, Imperial Tobacco Co. of Canada Ltd.); Mr. John D. Pattison, Economist, Imperial Oil Ltd.; Mr. Ira G. Needles, Chairman, Tariff Committee, C.M.A. (Chairman of the Board, B.F. Goodrich Canada Ltd.).

The Dominion Mortgage and Investments Association: Mr. A. H. Lemmon, President.

Manitoba Pool Elevators: Mr. W. J. Parker, President. Interprovincial Farm Union Council: Mr. A. P. Gleave, Chairman.

Mr. L. D. Byrne, Edmonton, Alta.

Mr. Paul Emile Charron, Assistant Secretary, Federation des Caisses Populaires Desjardins, Levis, P.Q.

Mr. G. L. Harrold, President, Alberta Wheat Pool.

Mr. C. W. Gibbings, Second Vice-President, Saskatchewan Wheat Pool.

Mr. James E. Coyne, Governor of the Bank of Canada.

THE SENATE

Wednesday, July 15, 1959

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

Prayers.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following reports:

Report of the Secretary of State of Canada for the year ended March 31, 1959, pursuant to section 8 of the Department of State Act, Chapter 77, R.S. 1952. (English and French texts).

Report of the Civil Service Commission of Canada for the year ended December 31, 1958, pursuant to section 4(4) of the Civil Service Act, Chapter 48, R.S. 1952. (English and French texts).

Report of the Canadian Broadcasting Corporation for the year ended March 31, 1959, pursuant to section 36 of the Broadcasting Act, Chapter 22, Statutes of 1958. (English and French texts).

Report of the Board of Broadcast Governors for the year 1958-59, pursuant to section 36 of the Broadcasting Act, Chapter 22, Statutes of 1958. (English and French texts).

QUEENSTON BRIDGE BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen, Chairman of the Standing Committee on Transport and Communications, presented the report of the committee on Bill S-30.

The report was read by the Clerk Assistant:

The Standing Committee on Transport and Communications, to whom was referred the Bill (S-30) intituled: "An Act to authorize the construction of a bridge across the Niagara River between the Province of Ontario and the State of New York", have, in obedience to the order of reference of July 14, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. Aseltine: This bill was introduced first in the Senate and has still to be passed by the House of Commons. In view of that I move that it be read the third time now.

Hon. Mr. Hugessen: Honourable senators, before the bill receives third reading perhaps I should say a word about it, in view of some of the criticisms that were made and the questions that were asked in this house yesterday afternoon when the bill received second reading. It was pointed out at that time that this bill, which authorizes the building of an international bridge across the Niagara Gorge, does not take the form of similar bills respecting international bridges—the form to which we are accustomed—or, indeed, the form of the bill which we are to consider next this afternoon, in that this bill does not contain a clause authorizing the Province of Ontario to enter into an agreement with the State of New York for construction of this bridge.

It was explained to the committee this morning that this is a rather peculiar situation which arises from the fact that the present bridge which it is proposed to replace under this bill is owned and operated by a body called the Niagara Bridge Commission. The commission has been in existence for a great number of years and owns and operates three bridges across the Niagara Gorge. It is a body incorporated in the United States but having authority to carry on business in Canada. It has the power to own and operate these bridges, so there is no need to provide in this bill for an agreement between the Province of Ontario and the State of New York.

Honourable senators will recall that this bill authorizes the Province of Ontario, through any commission designated by it, to construct a new bridge in place of the existing one at Queenston Heights. It was indicated to us in committee that the province of Ontario intends to designate the Niagara Bridge Commission for the purpose of constructing the new bridge. We were also told that this is a more or less temporary bill. Section 3 merely permits construction of the bridge but makes no provision for its operation. We were told that negotiations are now under way between the federal authorities of Canada and the United States, and the provincial and state authorities involved, for the purpose of constituting a new international authority to own and operate all the international bridges which cross the Niagara Gorge.

I think some honourable senator raised the question as to whether the new bridge was to be a toll bridge. The answer is in the affirmative. We were also told in committee that the present bridge is a toll bridge.

Honourable senators, these circumstances explain why this particular bill does not take the form which we normally expect to be taken by bills providing for the construction of a bridge between Canada and the United States.

Hon. Mr. Macdonald: Do the terms of the bill not require the bridge to be a toll bridge?

Hon. Mr. Hugessen: I do not think so. Section 3 merely authorizes construction of the bridge. But Bill S-31, which authorizes

construction of a bridge across the Pigeon River between the province of Ontario and the state of Minnesota, provides for a free bridge. The bridge authorized by this bill, however, will not be a free bridge. The existing bridge which is to be replaced is a toll bridge, and I am told that the new bridge also is to be a toll bridge.

Motion agreed to and bill read third time and passed.

PIGEON RIVER BRIDGE BILL

REPORT OF COMMITTEE

Hon. Mr. Hugessen presented the report of the Standing Committee on Transport and Communications on Bill S-31.

The report was read by the Clerk Assistant:

The Standing Committee on Transport and Communications, to whom was referred the Bill S-31, intituled: "An Act to authorize the construction of a bridge across the Pigeon River between the Province of Ontario and the State of Minnesota", have, in obedience to the order of reference of July 14, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. Aseltine: For the reason mentioned with respect to the previous bill, I move the third reading now.

Motion agreed to and bill read third time and passed.

COAL PRODUCTION ASSISTANCE BILL

REPORT OF COMMITTEE

Hon. John J. Connolly (Ottawa West), Acting Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill C-68.

The report was read by the Clerk Assistant:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-68), intituled: "An Act to amend the Maritime Coal Production Assistance Act and to authorize certain amendments to the agreement made under that act with Dominion Coal Company, Limited", have, in obedience to the order of reference of July 9, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. Aseltine: I move that this bill be read the third time now.

Motion agreed to and bill read third time and passed.

FARM CREDIT BILL

REPORT OF COMMITTEE

Hon. Mr. Connolly (Ottawa West) presented the report of the Standing Committee on Banking and Commerce on Bill C-67.

The report was read by the Clerk Assistant:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-67) intituled: "An Act to provide for the extension of long term mortgage credit to farmers", have, in obedience to the order of reference of July 14, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. Pearson: Honourable senators, I move that this bill be read the third time now.

Motion agreed to and bill read third time and passed.

CROP INSURANCE BILL

REPORT OF COMMITTEE

Hon. Mr. Connolly (Ottawa West) presented the report of the Standing Committee on Banking and Commerce on Bill C-66.

The report was read by the Clerk Assistant:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-66) intituled: "An Act to provide for contributions and loans to the provinces in respect of crop insurance", have, in obedience to the order of reference of July 9, 1959, examined the said bill and now report the same without any amendment.

Report adopted.

THIRD READING

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

Hon. Mr. Pearson: Honourable senators, I move that this bill be read the third time now.

Motion agreed to and bill read third time and passed.

CRIMINAL CODE BILL

REPORT OF COMMITTEE

Hon. Mr. Connolly (Ottawa West) presented the report of the Standing Committee on Banking and Commerce on Bill C-58.

The report was read by the Clerk Assistant:

The Standing Committee on Banking and Commerce, to whom was referred the Bill (C-58) intituled: "An Act to amend the Criminal Code", have, in obedience to the order of reference of July 9, 1959, examined the said bill, and now report the same with the following amendment:

Page 5, lines 13 to 21: Strike out subclause 8 of clause 12 and substitute therefor the following:

"(8) In this section,

(a) 'court' means a county or district court or, in the Province of Quebec

(i) the court of the sessions of the peace, or

(ii) where an application has been made to a District Magistrate for a warrant under subsection (1), that district magistrate,

(b) 'crime comic' has the same meaning as it has in section 150, and

(c) 'judge' means a judge of a court or in the Province of Quebec, a district magistrate."

The Hon. the Speaker: Honourable senators, when shall this report be adopted?

Hon. Mr. Hnatyshyn: I move adoption of the report now.

Hon. Mr. Connolly (Ottawa West): Honourable senators, perhaps I should give a short explanation with reference to the proposed amendment.

The amendment was proposed by the honourable senator from Mille Isles (Hon. Mr. Monette). It arose principally because of a special situation which obtains in the province of Quebec, and not elsewhere in Canada, in respect of the personal jurisdiction of a magistrate in that province.

That is a very brief explanation, but I think it covers the effect of the substance of the amendment.

Hon. Mr. Croll: I am sorry, I did not quite follow the effect of the definition of "crime comic". Where does that come into the picture?

Hon. Mr. Hnatyshyn: There is no change in that. It was only in connection with jurisdiction in Quebec that the bill was amended.

Hon. Mr. Connolly (Ottawa West): The paragraph referring to "crime comic" was not amended, but is was necessary to include it in the report in order to give the complete clause.

Hon. Mr. Croll: I understand.

Hon. Arthur W. Roebuck: Honourable senators, before the motion for adoption of the report is carried may I say I was present at the meeting of the Banking and Commerce committee at which this bill was considered, and there are two points to which I would like to refer.

In committee I moved, seconded by the honourable senator from Kingston (Hon. Mr. Davies), an amendment to the new section 150A, that a judge be required to hear the person in whose custody the objectionable material is found, before the judge may order the seizure of what might be, in certain circumstances, the whole edition of a daily newspaper. However, it was thought by some other members of the committee that this might delay proceedings, and the amendment did not carry. I still think, honourable senators, that it would be better if provision were made to hear the parties concerned before drastic action is taken by a judge. I do not like *ex parte* proceedings. However, the committee has reported otherwise.

The question of obscenity is my next point. In that regard I have made my position very clear to the members of the house.

Hon. Mr. Croll: And to the country.

Hon. Mr. Roebuck: And, I hope, to some extent to the country at large. I had hoped that the department would reconsider its position on this point and at least have made it amply clear in the bill that the definition of obscenity there found does not set aside all our other law—that Parliament is not giving this definition and saying, in effect, "That is it". My hope was that the department would make clear that that was not the intention of this section. However, a representative of the minister was at the meeting, and took no such action, and the committee passed the section.

I repeat what I said earlier in the house, that this section does not clarify the situation, that it has only muddied the waters. Therefore, I had hoped that some revision of the section might have been made. However, the committee passed it, notwithstanding all that was said, and it is in the same form in which I criticized it a few days ago. Now I can only hope that the wisdom of our judges is such that it will offset the stupidity of this section.

Hon. W. Ross Macdonald: Honourable senators, I agree in principle with the proposal of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), seconded by the honourable senator from Kingston (Hon. Mr. Davies), that it would be advisable to hear from a vendor or publisher, or someone on their behalf, before allegedly obscene literature is seized. However, a satisfactory amendment was not tendered to the committee; at least, I did not think the amendment proposed improved the section sufficiently for me to support the amendment. If a satisfactory amendment had been proposed along those lines, so as to give to the vendor or the publisher an opportunity to be heard before literature was seized, I would have supported it.

Hon. Mr. Roebuck: Will the honourable senator permit me to say a word? The amendment was not that the author or publisher should be notified; rather, the owner of the premises where the literature was seized.

Hon. Mr. Connolly (Ottawa West): The vendor.

Hon. Mr. Roebuck: Not the vendor. Honourable senators will take note of the wording of subsection 3 of section 150A. Would my honourable friend give me the precise wording?

Hon. Mr. Macdonald: Subsection 3 reads:

The owner and the author of the matter seized and alleged to be obscene—

Hon. Mr. Roebuck: The section names the parties to whom the notice must be given after seizure takes place. My amendment was to the effect that the occupier of the premises be given notice before seizure.

Hon. Mr. Macdonald: I can say to the honourable senator from Toronto-Trinity that I am with him in spirit, but I was not with him in the wording of the proposed amendment. Perhaps some day a satisfactory amendment in this regard will come to the Senate.

Hon. Mr. Roebuck: Why doesn't my honourable friend move an amendment?

Hon. Mr. Macdonald: I can't think of a satisfactory one. Let me hasten to say that I am not criticizing the honourable senator from Toronto-Trinity; I only wish that he had moved an amendment which appealed to me; then I could have been with him in word and in deed.

I am not satisfied with section 18 of the bill, which prohibits publication of any confession or admission of an accused person that was tendered in evidence at the preliminary hearing. Here again, I agree with the spirit of the section. I do not think a confession should be published before the trial of the accused takes place, because I feel it would to some extent interfere with his assurance of a fair trial. However, the wording of the section is very confusing. Until last evening I was under the impression that if a confession were produced at a preliminary hearing, that confession could not be published until the trial of the accused had taken place, but if a confession was not submitted at the preliminary hearing and only at the trial, then the confession could be published immediately it was presented at the trial. We find now that it is not the confession which cannot be published at the time of the trial. It can be published whether it is presented at the preliminary hearing, or whether it is not presented at the preliminary hearing but only at the trial. What cannot be published is a report that the admission or the confession was tendered in evidence at the preliminary hearing.

I am sure that will be very confusing to the newspaper world, to those who produce the newspapers. I felt that we could have framed an amendment to that section but again, as with the previous section, I could not think of a satisfactory amendment. For that reason I am accepting the section as it is at the present time, but I hope that both of these sections will be amended in the days to come.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the report?

Some Hon. Senators: Carried.

Hon. Mr. Roebuck: On division.

Report adopted, on division.

THIRD READING

Hon. Mr. Hnatyshyn: I now move the third reading of the bill, as amended.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion for third reading of the bill, as amended?

Some Hon. Senators: Carried.

Hon. Mr. Roebuck: On division.

Motion agreed to and bill, as amended, read third time and passed, on division.

NEWFOUNDLAND SALT FISH EXPORTATION LAWS REPEAL BILL

SECOND READING

Hon. John G. Higgins moved the second reading of Bill S-32, to repeal certain fisheries laws in force in the province of Newfoundland respecting the exportation of salt fish.

He said: Honourable senators, the brevity of this bill should warrant brevity on my part. The bill has only two sections. The first section provides that a Newfoundland act shall be repealed, and the second section provides that the repeal shall become effective on August 1, 1959.

The purpose of this bill is to repeal Act No. 10 of the Statutes of Newfoundland, 1942 which is The Exportation of Salt Fish (Permits) Act, 1942. This act is restated in chapter 211 of the Revised Statutes of Newfoundland, 1952. From the bill itself it would seem that there are two acts, namely, The Exportation of Salt Fish (Permits) Act, 1942, No. 10 of the Statutes of Newfoundland, and The Exportation of Salt Fish (Permits) Act, chapter 211 of the Revised Statutes of Newfoundland, 1952, but, as I have said, these are the same act.

Under this act the exclusive right to market salt fish is held by the Newfoundland Associated Fish Exporters Limited, usually known as NAFEL, which is a name composed of the initial letters of the words in the full name. This exclusive right of NAFEL expires on July 31 of this year. After that date no permits for the exportation of salt fish shall be necessary.

Under the Terms of Union between Newfoundland and Canada, NAFEL was continued in the right to this exclusive licence to export salt fish for five years. NAFEL had been given this right some years previously by an act of the Newfoundland Legislature. After the expiration of the five years, which was in 1954, that exclusive right was renewed year after year, up to 1958, when it was intimated to NAFEL that the right would cease one year thereafter, namely, on July 31, 1959.

As the necessity to control exports of such fish by permits is no longer required, because the exclusive NAFEL export licence has been terminated, it becomes necessary to do away with the continuing requirement for export permits under the act by repealing the act.

This bill was initiated in the Senate, and when it has passed here it must go to the House of Commons to be passed.

The Newfoundland act that is being repealed was passed before the Act of Union between Newfoundland and Canada, passed in 1949. Section 22 of the Terms of Union between Newfoundland and Canada, which section deals with the fisheries, mentions certain Newfoundland acts dealing with fisheries, including Act No. 10 of 1942, and sets out that all fishery laws and orders, rules and regulations made thereunder shall continue in force in the province of Newfoundland as if union had not been made for a period of five years from the date of union, and thereafter until the Parliament of Canada otherwise provides.

That five-year period has long expired, and now there is no necessity for this act. NAFEL will soon cease to have the exclusive right to the licence to export, and the necessity of permits will be done away with by the repeal of the act.

Hon. W. Ross Macdonald: Honourable senators, the honourable senator from St. John's East (Hon. Mr. Higgins) has given us a clear, yet concise, explanation of this bill. I rise at this time as a citizen of the province of Ontario to assure him that the citizens of all parts of Canada are deeply interested in the welfare of the fishermen of Newfoundland and are, indeed, very anxious that they should prosper.

As the honourable senator has said, for some years the export of salt fish, which, I believe, is mostly cod, has been under the control of NAFEL. He has informed us that the right of this organization to an exclusive licence to export was to continue for five years after the Union, which was consummated in 1949, and since the expiration of the five-year period it has been renewed annually. So it has been in effect almost five years longer than it was required to be by the Terms of Union. My information is that one of the reasons why the right was not terminated previously is that it was felt by some people that another organization should take its place, but no such organization has yet been established. I am also informed that NAFEL has been of assistance to the fishermen and to the exporters by enabling them to sell their fish on an organized basis, especially in the European market. Without NAFEL each exporter would have dickered independently with foreign purchasers. The honourable senator from St. John's East (Hon. Mr. Higgins) will correct me if I am wrong, but as I understand it NAFEL enabled the fishermen and exporters to speak with one voice.

I am informed that prior to the setting up of NAFEL the period of dickering on prices might be so prolonged that an exporter would have to sell his fish at a low price because it would go rotten if he did not get rid of it right away. That was especially so in former times when there was no refrigeration. Apparently NAFEL has rendered a very good service to the fishermen and exporters, and this service has continued down to the present time. By pooling their resources the fish exporters were able to reduce their marketing costs. As I understand it, there was some criticism of NAFEL because in order to become a member of it a fish exporter had to pay $10,000 into the association. A few years ago a new type of membership, known as associate membership, was granted for the sum of $1,000. The fishermen themselves had no representation on the board, and they were dissatisfied on that account because they felt they had no say as to the price they would get for their fish. Another criticism was that the fishermen only shared in the profits after the expenses and NAFEL's profit had been taken.

But, honourable senators, I would not want it to be gathered from anything I have said that NAFEL has been all bad for the fishing industry and the fishermen of Newfoundland. I feel some exporting organization is required to prevent cut-throat competition among fish exporters, especially at a time when there is a buyer's market. If I have any complaint about this legislation it is that it is doing away with NAFEL without providing anything in its place. If no other

organization is brought into existence it is quite likely that NAFEL will continue to operate as a private organization, but that would not likely be satisfactory either to the exporters or to the fishermen themselves. Honourable senators, I say that the Government, having asked Parliament to abolish NAFEL by legislation, should at the earliest possible moment bring down a bill to set up something more satisfactory to take the place of NAFEL.

Hon. Mr. Higgins: Honourable senators, it is a very nice thing indeed for me to find that there is at least one person in all these Parliament Buildings who has real knowledge of Newfoundland. I have been extraordinarily surprised at the general lack of knowledge of my province, and very often my opinion as one who was born and bred in Newfoundland has been ignored. I won't say that is so in the Senate.

The honourable Leader of the Opposition (Hon. Mr. Macdonald) is perfectly correct when he says that in Newfoundland "fish" means codfish. We have only one kind of fish in Newfoundland and that is codfish. Fish is codfish. Salmon is salmon. Herring is herring. Caplin is caplin. Halibut is halibut. Trout is trout. But there is only one kind of fish and that is codfish. That was always the traditional meaning of the word "fish" in Newfoundland, and it was confirmed by a judgment of the Supreme Court many years ago. It happened that a certain purchaser had contracted to buy so many quintals of fish, and the seller put in some haddock or other kind of fish. The purchaser took an action in the Supreme Court and obtained a judgment, on the ground that the contract called for so many quintals of fish and the seller was thereby bound to deliver nothing but codfish.

We buy our fish by the quintal. Apparently Newfoundland is the only place where that word is used. Before the Union a quintal consisted of 112 pounds, but since the Union we have had deflated weights and measurements. With us a ton was always 2,240 pounds and a quintal was 112 pounds. We always tried to be over-honest. Now, of course, a quintal is 100 pounds.

There is no doubt at all that NAFEL has done a very good job. For many years the fishery of Newfoundland had not been as good as it should have been, because at times the European market had been glutted. In the olden days schooners of from 50 to 120 tons used to sail to Italy, Spain and Portugal with fish on consignment, and every merchant attempted to get his fish over to Europe as early as possible, for the first fish brought the highest prices. The next fish brought reduced prices, and finally when the last of the fish got over there the market was so glutted that the fish sold for very little. Over the years some attempt was made to improve marketing conditions but these efforts met with little success until NAFEL was organized. What was against NAFEL was the fact that it put the export of fish in the hands of a few people who, incidentally, were obliged to contribute $10,000 each to a central fund. There was a good deal of protest against this, but I do agree with the honourable Leader of the Opposition in the Senate, and I have said this to the minister, that some other association should be formed for the purpose of regulating the export of fish, otherwise the marketing activity will result in cut-throat prices. Unless such an organization is established our fish will be sent over on consignment, which means to us in Newfoundland—and I think the same is understood here—that it will be sent over without any price being settled upon beforehand, and will be sold in the foreign market at whatever price the industry can get. If an enormous quantity of fish is sent over at one time it will sell at a small price. The main object of NAFEL was to send to Spain, Portugal, Italy or England so much fish from time to time, finding out beforehand on every occasion if there was a shortage. Incidentally, at one time we also had a great market in Brazil, and we may yet recover that market.

I repeat that I agree with the honourable Leader of the Opposition on the necessity of securing a replacement for NAFEL. It is absolutely essential that some other association should be formed to regulate the export of codfish in European countries.

Hon. Mr. Horner: Would it not be entirely possible for the fishermen to form an association on their own now?

Hon. Mr. Higgins: That would be the same thing, but they would have to get some fish exporters, some merchants who know about the export of fish, to join with them in the association. I would not be surprised if the Government formed one now; that is probably what will happen. Of course, I am not a fish merchant.

Hon. Mr. Davies: May I ask the honourable senator from St. John's East (Hon. Mr. Higgins) a question? Has there been a settlement of the dispute over the minimum distance which foreign fishermen were required to keep off Newfoundland shores? The distance was increased, was it not, from three miles to nine miles or more, and there was a great deal of trouble about that?

Hon. Mr. Higgins: I think that according to international law a country cannot make any such increased distance applicable to foreign ships. My understanding is that a Canadian ship within the twelve-mile limit could be made amenable to the laws of Canada, but ships of other countries could not be. The three-mile limit is fixed by international law. Was it not the Hague tribunal of 1904 which decided that? I think it was the same tribunal which decreed that every country has full authority over the area from headland to headland, that the whole water within the line between two headlands, even if they are 20 miles apart, belongs to the country in which the headlands are located.

Hon. Mr. Davies: But did not Newfoundland itself arbitrarily increase the distance against outside fishermen?

Hon. Mr. Higgins: Oh, no, Newfoundland could not have done that. And it could not do so now, because all regulations of that kind are made at Ottawa.

Hon. Mr. Roebuck: Honourable senators, I am one of those whose ignorance of Newfoundland the sponsor of this bill (Hon. Mr. Higgins) deplores. Am I to understand that the Government of Newfoundland actually gave to private people a monopoly to buy all the fish that are produced in that country for export? If that was done I would not be surprised to learn that the fishermen were rather poor.

Hon. Mr. Higgins: No, NAFEL had no authority to buy. Fishermen were paid a certain amount after receipt of their fish, and received the balance after the fish was sold. The exporters were paid three per cent; the fishermen got the balance.

Hon. Mr. Roebuck: And the exporters got their expenses, I presume?

Hon. Mr. Higgins: No, I think the three per cent covered everything. The great thing about it was that as soon as the fish was received the fishermen were paid so much, and the balance was paid as soon as the fish was sold.

Hon. Mr. Roebuck: Did that come about after competition? Was there competition at one time before a private monopoly of this kind was given by the Government?

Hon. Mr. Higgins: In the old days the price used to be set by competition, and prices varied from time to time. Whoever paid the highest price was sure to get the fish. I suppose NAFEL has been getting the highest price in European markets.

Hon. Mr. Roebuck: I think British Parliament abolished monopolies of that kind more than three hundred years ago. They became a subject of some controversy between Parliament and the Crown. Queen Elizabeth gave way and Parliament abolished such monopolies, and they have never existed since. Had that not been done the English people might have been as poor as I understand the fishermen of Newfoundland have been.

Hon. Mr. Higgins: I do not see how the fishermen could get a good price at all if the exporters had to compete with one another on the markets of Europe.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. Mr. Higgins: I move the third reading now.

Motion agreed to and bill read third time and passed.

LIBRARY OF PARLIAMENT

REPORT OF CIVIL SERVICE COMMISSION APPROVED

The Senate proceeded to consideration of the report of the Civil Service Commission concerning certain employees of the Library of Parliament.

Hon. Mr. Aseltine moved that the report be approved.

Motion agreed to.

INFLATION

REPORT OF FINANCE COMMITTEE—DEBATE ADJOURNED

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Emerson for adoption of the report of the Standing Committee on Finance on the threat of inflation in Canada.

Hon. Wishart McL. Robertson: Honourable senators, the report presented to this house yesterday was an excellent one. I cannot say I was surprised to find it was so good, for the Finance Committee of the Senate certainly knows its business in regard to this question. This is not the first time that committee has prepared a report bearing on this very important subject of inflation. Under the active leadership of the honourable senator from Churchill (Hon. Mr. Crerar) and the late Senator Hawkins, assisted by the very great experience of the senior senator from Winnipeg (Hon. Mr. Haig), to say nothing of other honourable members, the committee has presented from time to time to this house reports in respect

to the financial situation in this country and the imminent difficulties that might arise unless serious consideration was given to this subject. Consequently, the committee was quite capable of dealing aptly with this situation when the time came, and there are now evidences that what it predicted has taken place.

As I say, this is an excellent report. It reflects the greatest credit on the chairman of the committee, Senator Emerson, the deputy chairman, Senator Leonard, the Steering Committee and the members of the committee generally. I have no hesitation in saying so since, while I was a member of the Steering Committee at the inception of the inquiry and at the very end, I was unfortunately absent during most of the hearings and could not take my share of the work. The committee was particularly fortunate in being able to secure the services of Dr. John J. Deutsch as adviser. Dr. Deutsch brought to the assistance of the committee the advantages of wide experience, great prestige and a keen mind which enabled him to assess accurately the evidence presented to the committee by 44 highly competent witnesses drawn from the fields of industry, agriculture, labour and finance, in addition to leading economists and the Governor of the Bank of Canada.

I personally regret that time did not permit the members of the committee to add to the testimony of the very important witnesses who came before us the advantages of their own wide experience, but the time of the committee was definitely limited. As far as I am concerned, I am disappointed and do not agree with some of the conclusions of the report, but they are items of emphasis rather than detail.

On the basis of the evidence presented by witnesses of the highest repute, the Finance Committee has presented a report which I believe will rank high among the many excellent reports the Senate has presented in the past and I commend it to honourable senators for their favourable consideration.

The subject dealt with by the report is, as honourable senators know, the question of the threat of inflation in Canada. The report takes a strong stand on the question of inflation, believing that it is neither desirable, necessary or inevitable to our continued growth and prosperity. It presents evidence that, over a long period of time, increases in the price index generally associated with wars have been compensated by corresponding decreases and have not interfered with great economic growth and development. It comes to grips with the extraordinary conditions that have persisted in Canada since World War II, in which from 1946 to 1958 there has been an overall rise in the consumer price index of 47.5 per cent or 3⅝ per cent per annum. For the past 12 months there has been no appreciable change in the price level. The question is where do we go from here, or perhaps it would be more accurate to say, where do we want to go from here?

The answer to these questions is complicated by the fact that not only has this 12-year period from 1946 to 1958 shown a marked increase in the price level, but it has been a period of very great and sustained prosperity. Public opinion therefore tends to be divided. Did this great development take place as the result of the price rise? Did it occur despite the price rise? Is its continuance dependent upon a continued price rise? Will it cease if prices do not continue to rise? Have we in Canada discovered a magic formula whereby we belie the experience of the past? Are steadily rising prices likely to lead to steadily increased prosperity? How better could we decide these difficult questions than to hear evidence as to what has happened to major groups in our economy over the last 12 years, as a guide to what we would like for the next 12 years?

This is exactly what the committee did. It would take too long to go into details which are set forth in the report, but, generally speaking, the evidence was that manufacturing, agriculture, mining and forest products industries were in no better position as a result of the price rise. Any increases in price which they received were either offset or more than offset by increased costs. And what is common to them all is the haunting fear that they have in various degrees priced themselves out of their ability to compete successfully with outside competition in the export markets and in the domestic markets as well.

There is one apparent exception. I say "apparent" because I am not sure what is the meaning of the report in this respect. It refers to wage scales in industry and manufacturing, and indicates that the increase of 135 per cent in average wages over a given period represents, or is offset by, increased living costs, but that over and above that increase there was a gain in real income. Let me read what the report says in that respect:

> Nevertheless wage earners in manufacturing received an increase in real income of about 46 per cent over the period. This increase in real income, however, compares quite closely with the rise in real output per man-hour in manufacturing with the result that wage-earners as a whole in this large industry have obtained increases in real earnings approximately in line with advances in productivity. It will be noted that total salaries and

wages paid in Canada have risen in a favourable relationship to corporate profits and dividends over the period as whole.

As I say, I do not get a clear meaning from that section. It is an important point, and no doubt those who are more capable of explaining it than I am will indicate its true meaning. It seems to me to say that organized labour has not only received an amount equal to the rise in the cost of living, but an amount in excess of that, which amount represents almost the whole increase in productivity in manufacturing. Further, it seems to say that the increases in wages and salaries compare favourably with increases in dividends.

The point I wish to make, and I regard it as a vital one, is that there might not be as great an advantage in increased prices as there would appear to be at first sight. Our experience over the past twelve years would seem to be that any gain which took place through increased productivity in manufacturing was to a large extent taken up by wages. I hasten to assure honourable senators that it is not my attitude that labour is not entitled to as much as it can get. Indeed, under our competitive system everybody tries to get all he can. But I suggest to honourable senators that if we are to look forward to a period when the consumer will get no benefit whatever, and capital will stand to gain nothing, then the question will arise as to how long the consumer will put up with that condition before he looks for his requirements outside Canada, and before capital begins to think of more profitable places in which to invest.

While attending the meetings of the recent Atlantic Congress I had a very interesting discussion with a prominent American who has large investment interests in Canada, particularly in our natural resources, and more recently in mutual funds. He talked about the general position of Canada and what was likely to happen in the future, and he made what I thought was a most significant remark. I may say I was associated at that time with a committee which was considering the implications of development in the Western European economy. One of the interesting questions was the increased volume of investment by United States private capital in Europe because of the prospect of earnings and extensive development, particularly in building small cars in Europe, where they can be produced more profitably, and sending them to this continent. To return to the remark of my American friend: while talking about the position of Canada in the future, he said, "I want to tell you something you should never forget: there is nothing as nervous as a million dollars."

I believe that the experience over the next 12 years, or a lesser period, with respect to earnings and increased taxation on capital will have a vital bearing on our capital development program.

With respect to our relative position in the export markets, we must remember that business men, government, labour and every other group on the continent of Europe are giving a great deal more consideration to this question. If we read the reports of public discussions that have recently taken place, particularly in Germany and to a lesser extent in the United Kingdom, we see that the whole idea is to increase the real income of labour by decreasing the cost of living rather than increasing wages, thus keeping industry in a competitive position. It is for that reason that European countries are moving into larger trading areas in order to get the advantages of mass production, and thus a lower cost of living.

But with us, the philosophy of labour and of everybody seems to be that it makes no difference what we pay for what we have to buy, as long as our salaries and wages go up. I emphasize that that is the point of view not alone of labour, but of every one of us. I sometimes think there is in this country practically no consumer consciousness at all.

Therefore, as the matter stands, I think the committee has shown that there is actually no group, be it labour, business or agriculture, in this country that has really shown any net gain by reason of price increases over the past twelve years. On the other hand, over the heads of everyone is the haunting fear of competition in the future, and what it will do to employment and business generally in this country.

I come now to the other side of the picture, and to cover the question adequately I cannot do better than to place on the record a portion of the committee's report. First, I wish to emphasize the reference it makes to the loss suffered over the past twelve years by investors in fixed incomes.

I am reading now from the paragraph which is opposite charts IX and X in the appendix to yesterday's *Minutes of the Proceedings*:

Chart VIII illustrates the substantial decline (nearly 40%) which has taken place over the post-war period in real value of incomes and investments which were fixed in money terms in 1946. The groups affected by this loss in real value, averaging 3.8% per year, include bondholders, owners of mortgages, pensioners, owners of life insurance policies, owners of savings accounts in banks etc. The number of persons included in these groups is very large. The committee was informed in the submission of the Canadian Manufacturers' Association that there are "between 1.75 million and 2 million persons covered by employee pension plans; 9.5 million individual savings accounts in the chartered banks; over 2 million owners of Canada

Savings Bonds." Mr. A. R. Poyntz, President of the Canadian Life Officers Association, told the committee that "More than eight million Canadians owned $38.6 billion of life insurance at the end of 1958." The Investment Dealers Association in their submission to the committee estimated that "At the end of 1958 there were outstanding some $24.1 billion of Canadian bonds, an estimated $9 billion of mortgages, and $6.8 billion of personal savings deposits . . . a total of $39.9 billion . . . " The size of these figures serves to give some indication of the substantial losses which are brought about by the decline in the real value of money, and of the large number of people who are affected. Of course, the losses of the investors accrue to the benefit of the debtors. The difficulty is that in large part these are not the same persons. In other words, the erosion in the real value of money has, over a period of years brought about a very considerable re-distribution of income, not as the result of deliberate policy, taxation, or productive effort, but as the silent outcome of the subterfuge of inflation.

Honourable senators, to me that is most startling and damning evidence of the unfairness and iniquity of inflation and the erosion of the dollar, particularly to those who can least afford it. Considering the tremendous number of people who are affected, I am amazed that there has been so little reference to it in Parliament, and particularly in the other house. We in this chamber are not supposed to be near the people. It is the members of the House of Commons who are the elected representatives. Here is a robbery that has been taking place, a robbery even more serious than ones that are given headlines in the newspapers day after day, and there has been hardly a word about it. It is to the everlasting credit of this committee and, indirectly, of the Senate as a whole, that they have championed the cause. Whatever else they may do, they have at least brought to the attention of the public this situation which has been developing. I put to honourable senators this question: What do you want to do in the next twelve years? I ask you if we want to sit here, and if the authorities in this country want to sit here, and let another 40 per cent be taken off the investments and pensions, and everything else in this country? Can we afford to do that?

During the sitting of the committee the Governor of the Bank of Canada was asked what he thought about creeping inflation, and he said he was not in favour of it because it could not creep very long. He said it would either break into a gallop or lead to a collapse. I say to honourable senators that we cannot contemplate another loss of 40 per cent from the capital and the income of the people who have provided for their future without realizing that a fatal blow will have been given to the whole structure of savings in this country.

Let us see what it means. Somebody has a pension that he is looking forward to, that he is working for and contributing to, that is worth $3,000. Overnight, as a result of our carelessness, the value of savings has decreased—and I say "our carelessness" because we in this chamber are just as responsible as are the members of the other house, except that we have done something about it. Perhaps nobody pays much attention to what we say, but that is not our fault. We have tried to do something to stop this silent theft of wages and incomes, particularly from those who can least afford the loss. We cannot contemplate that with indifference any longer.

What the Senate committee has pointed out is exactly what we are up against today. In the past we have said—those of us who have spoken—that inflation would end up with people refusing to purchase any kind of fixed investment, annuities or bonds, and the ultimate effect would be chaos and unemployment that would, to use an expression of our American neighbours, make our hair curl. We have yet to realize the full effects of such unemployment, but today we are right up against the reluctance on the part of the people to buy Government bonds and other fixed obligations, and everyone in this house knows it. Where will that end?

I say that we must be prepared to take action in this matter now. It is said that it is a fear psychology, that it is only a threat of inflation. But who is going to buy the Government bonds? Who is going to buy other fixed obligations? Why should a man provide for a pension, why should he provide money for mortgages, if it is going to be constantly eroded? We have got to do something about this. Make no mistake about that.

Honourable senators, I want to deal with the last paragraph of the report. It reads:

> Authoritative witnesses emphasized to the committee that adequate tools of monetary and fiscal policy for the control of persistent inflation are available. We can muster the will and determination to use them. With the necessary will there is no cause to fear that inflation is inevitable, especially in the present circumstances when the supplies of goods and resources are ample. In a free society public understanding and support are essential. It has been said the "monetary and fiscal policies must not only be intelligent, they must also be intelligible." To this end responsible bodies must be willing to make particular efforts to discuss and explain the issues involved and the aims which are sought. Your committee hopes that its proceedings, the valuable evidence it has received, and this report will make a constructive contribution to this purpose.

Perhaps I am not close enough to public opinion to know, but I feel that the public of this country is either indifferent to the

threat of inflation or is not at all sure that inflation is not inevitable or, indeed, that it is not desirable. Consequently I have grave doubts whether the Canadian public is yet prepared to support the Government in whatever steps it must take to solve this problem. Those more competent than I am take a reasonably optimistic view of the situation. I notice a report in the Toronto *Globe and Mail* is headed "Senate Group Finds No Inflation But Urges To Forestall It".

I recall that at the last meeting of the committee Mr. James E. Coyne, Governor of the Bank of Canada, was being pressed by I think Senator Lambert and Senator Euler to answer the question: "Have we actually reached the state of inflation?" There was no clear explanation, but Mr. Coyne did say that for about twelve months the consumer price index had shown very little change. That can be interpreted, as I think it has been from this newspaper report, as meaning that there is no inflation now but there might be later. Well, I do not know that I can agree with that viewpoint, particularly when we are in a position where, on the basis of 1946 levels, 40 per cent of the value of all fixed investments and incomes is lost. Is that not an indication of an inflationary situation? The economy may be steady for the moment, but it is constant at a level of 47.5 per cent higher than the 1946 level. That is one sure thing. Should this percentage of loss increase by another 40 per cent and then remain constant at the new level for a further twelve months, it will be no answer for someone to say "It has been constant now for the last twelve months."

Honourable senators, this kind of thing cannot go on indefinitely or it will result in a chaotic condition which will destroy everything we have known and cherished in this country. I have not the slightest doubt as to what will happen to the administration of the day, but I am not too sure who would take its place. It could well be a group whose viewpoints are entirely different from those shared by honourable members on both sides of this house. Let us remember that we have a most serious problem on our hands. I am probably as partisan as anybody in this house, but I am prepared to give the present Government my wholehearted support in any organized campaign to awaken the public to the seriousness of the situation with which we are faced. By the same token, I think it is reasonable to say that if nothing is done by the Government, I certainly am going to use every power at my command to criticize the Government. Perhaps we are having a respite, as it were, from any inflationary trend and those in authority may know that there will be no further inflationary increases in the price level. But I think the Government is faced with such terrific demands that it is not humanly possible for it to resist additional financial expenditures. I think we are spending entirely too much on armaments, yet just recall the hullabaloo raised when it was suggested that certain armament expenditures be reduced. I think it is absolutely ridiculous to have in this country a situation where provincial Governments get money from the federal Government and spend it without being responsible in any way for its collection. I don't know how the federal Government can prevent a further hoist in these demands.

A third factor that I think will affect our economic position is the proposed attempt by Canada to do something that is absolutely impossible to do in light of modern conditions. We have erected around a country of 17 million people a tariff designed to make us self-contained, and this at a time when every other country in the Western world realizes the futility of this and is moving into larger areas to take advantage of mass production. We cannot do this in a country with only 17 million people, unless we pay a terrific penalty by way of increased costs.

Hon. Mr. Roebuck: Right.

Hon. Mr. Robertson: This will have an immediate impact on our competitive position, which in turn will affect the income of the federal Government. I can see very grave difficulties facing us in the realm of public financing, and, realizing the serious consequences all this will have on my children and grandchildren, I am prepared to support this Government to the very limit in any effort it makes to awaken the people of Canada to the serious situation we face. By the same token, I will criticize the Government to the full extent of my ability if it fails to make any effort at all.

In summarizing the committee says:

> Tools to contain inflation are available—what is necessary is the will and determination of the people and the atuhorities to use them.

I do not think the committee could have gone any further than that. I do not think it was its field to go any further than that. But, I want to say this, that I have the feeling that there are not, by any means, in this country the will and determination on the part of the public generally to do anything about it.

Hon. John T. Haig: Honourable senators, I wish to congratulate the honourable senator from Shelburne (Hon. Mr. Robertson) upon the excellent speech he has just made. I wish to indulge in a little history for a

few minutes. For the last 24 years I have sat on various committees of the Senate and I do not hesitate to say that this session the Finance Committee has done the best job I have ever seen a committee of this house do. I wish to pay tribute to the individual members of the committee. I had heard that the chairman (Hon. Mr. Emerson) was an able man. He proved to be a capable chairman and he exhibited those qualities of integrity and fairness with which the people of the Maritime provinces are endowed. We appointed as our deputy chairman a gentleman from Ontario, the honourable senator from Toronto-Rosedale (Hon. Mr. Leonard), one of the ablest men in the field of business and finances in his province. He rendered great service to the committee. Without giving offence to the members of the main committee, I would say that the greatest service of all was rendered by the steering committee in deciding what witnesses would be called. There were no limitations imposed, and if any member of the steering committee suggested the name of someone he thought could make a real contribution, that person was invited to appear and make representations.

In the reports of the committee's proceedings there is a very great deal of valuable information. I sincerely hope they will be made available to the people throughout Canada, because the facts contained in them are fundamental. Anyone who reads them will be given an understanding of the problem we are facing. I must confess quite honestly that for the past six or eight months I have been uneasy about the financial situation, because I have seen bonds sold on the market within a few weeks of their issue for much less than their original price. Yet at the same time business was improving. Dominion bonds bearing 4½ per cent interest, which a year ago were selling at 100, have been selling at 92. I asked myself why? It seemed to me that somebody who had the money to spend lost faith. Canada cannot carry on if our people lose faith in the country itself. This report of our Finance Committee should be available to everyone interested in the financial affairs of this country and who wants Canada to overcome the problem of inflation. The facts are all gathered together in the report, and the committee's conclusions are honestly drawn.

I think we were very fortunate in choosing the young man who was economic consultant of the committee. Perhaps I should not say this, but I was the only person on the committee who knew anything about him. His work was simply superb. Dr. Deutsch is now Vice-Principal of Queen's University. He is a genius as far as finance is concerned, and we realize now that formerly he did not have a chance to show his genius. If we had not invited him to undertake this work for the committee and taken advantage of his willingness to do so, this country might never have received the services he has just rendered.

Honourable senators, by inviting experts to come to the committee and by allowing every member of the committee the opportunity to ask questions we made a great effort on behalf of all the people of Canada to deal with this problem of inflation in Canada. It was important to do so, because we all love our country and the people who live in it. My children and my fifteen grandchildren were born and grew up here. Some of them went to war and fought for Canada. One of my grandnephews died for Canada. It is my duty as a senator to do my very best to make Canada the greatest country in the world, to see that the ordinary people get a chance to make a living, an honest living under decent conditions. It is not my duty to make money for J. T. Haig or for onyone else, but it is my duty to try to see that our people get an opportunity unequalled anywhere else in the world. We can give them that opportunity. We have the natural resources, and we have a wonderful country, which I have travelled from one end to the other many times. We are all proud of Canada. I am reminded of that pride every time I see people at a curling game. This year a team from Canada and one from Scotland are going down to the United States to play for the world championship, and I am confident they will come back with the championship.

Honourable senators, to return to this report, I want to point out that we in the committee have not taken sides, and we have not laid the blame to the manufacturers, the speculators, to this class, that class, or some other class. We have given the facts to show that we have had a period of inflation, and we have tried to show how and why the dollar of a few years ago is worth probably only about 75 cents now by comparison. That has placed the old age pensioner and the annuitant, among others, in a most unfortunate position.

I do not intend to discuss a cure for inflation. Certainly that was not the purpose of our committee. We felt that the thing to do was to get representative groups of the community—farmers from the west, people from the Maritime provinces, manufacturers, union men, and members of different kinds of organizations across Canada—to tell their story. In fact, we had one man from

Alberta about whom some one asked, "Who left the door open?" He got in, and although perhaps we didn't agree with him we listened to what he had to say, and we asked him questions which he answered.

The object of our report was to give the cold facts, and, as my honourable friend from Shelburne (Hon. Mr. Robertson) said, to try to find some means of solving this problem of inflation. Some may not agree, but I think that in making this investigation we have done a great service to the Parliament of Canada and as well as to the provincial governments. At the start I was a little afraid our investigation might have developed into some political action, but I must say that I only had to be present in the committee for a very short time to find that nothing of that kind was intended. I soon realized that we were truly representing all the people of Canada. That is as it should be. We should try to do what we feel the people of Canada would want us to do. Those of us who have been in political life for some time, either in this house or some other house, know that the people have respect for a member or a senator who speaks on their behalf. The people may not express their thoughts, but they have respect in their hearts for the man or woman who tries to serve them. They feel that a member of the Senate or the House of Commons knows a little more about this problem than they do, and are inclined to say, "I would like to know what he thinks about it." We have put on record in our report what we believe to be the facts regarding inflation, and what people in all departments of activity feel about inflation. I believe this report can be used by the Government —indeed, by any government—and by both Opposition parties to obtain a reasonable understanding of the position in regard to inflation in Canada, because the facts in the report are based on official records that cannot be denied.

Honourable members, I have said about all I want to say. I admit that, as my friend from Shelburne says, there has been a loss in the value of insurance dollars. I agree also with his statement as to the loss in the value of bonds. Money has gone down in value. It is the small people who are affected most by this. If as a member of this house I get a reasonable indemnity, what about the fellow who earns, say, $600 or $700 a month and drops back to $150 a month? He just can't live on that. Many a railroad man and many a man from other walks of life has come to me in Winnipeg and said, "Haig, what am I going to do? I used to work on the C.P.R.—or the C.N.R., or with such-and-such a company—and earned, say, $500, $600, or $700 a month. I am now getting a pension of $100 or $150, and my money will only buy half as much as it would buy before. What am I going to do?" We discussed such problems in our investigation, and the men and women in Parliament have the duty to try to do something for these people.

Honourable senators, when you think about the Senate you realize that it is a constantly changing body. When I was appointed to the Senate I was number 93 on the roll, now I am number seven. Eighty-six senators have died since I first came here, 24 years ago. That fact shows how fast changes take place in this body.

Every member of the Finance Committee worked very hard to make a success of the study of the matter that was referred to them. We are grateful for the support we got from honourable senators who were not on the committee and we appreciate the kindness with which you received our report. We tried to give the Senate an illustration of what we thought a Senate committee ought to do.

As I said before, this is the best report that has ever been made by the Finance Committee. If ever a committee justified itself this one has done so this time. It has made a real contribution to the financial welfare of our country. I recommend to our Government, to both Opposition parties, and to the provinces that they study this report. It would also be a good thing if people would read this report before making demands for expenditures by the federal Government or the provincial Government at Winnipeg, Halifax, Toronto or Fredericton or wherever their capital is.

I quite agree that a lot of money is being spent upon armaments, but as long as I live I shall never forget that up to a certain date during the last war many of our airmen who were overseas fighting our battles did not have a special apparatus on the front of their bombers when they went out on a raid from the bombing stations in East Anglia. On one occasion a young minister from our part of the country was there and at that time a troup of young ladies came down from London to entertain the forces. One of the young ladies sang The Lord's Prayer and she was encored twelve times. The minister asked the commanding officer how that could be explained. The officer replied, "These boys are crew members of bombers that fly over Germany, and in three months one-third of them will be dead." Through money spent on research a radar apparatus to be attached to the front of the bombers was invented,

and as a result of that attachment the percentage of losses went down to about five per cent in three months. When your own boy is not one of those five per centers you are pretty happy about it.

We have to spend money to go on experimenting and trying to discover things like that. I am not criticizing the Government for making such expenditures, but I do criticize it for continuing to spend money as if the earning capacity of the country was as good as ever. Of course, it would be as good as ever if the world was sane and united.

The report shows conclusively that we in Canada feel this inflation. I ask honourable senators to adopt the report and I ask each individual senator to use his influence in the part of the country from which he comes to see that the people are furnished with copies of it. I have not thought about how this can be done, but it should be done. As I suggested earlier, copies of the report should be sent out so that the people may obtain an understanding of the principles of inflation.

I hope we may all be spared to see real results come from this investigation. I am sure that in the lifetime of the younger members of this house great benefits will flow to Canada from the committee's study and report.

On motion of Hon. Mr. Hugessen debate adjourned.

INDIAN AFFAIRS

REPORT OF JOINT COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Joint Committee on Indian Affairs, which was presented yesterday.

Hon. John J. MacDonald, for Hon. Mr. Gladstone, Joint Chairman of the committee, moved that the report be adopted.

He said: Honourable senators, I do not think there is any need for me to spend much time in discussing this report. I imagine that all senators have read it. It is in the *Minutes of the Proceedings* of yesterday. It recommends that the committee be reconstituted at the next session of Parliament. In view of that fact I do not see that much can be added to what is contained in the report, so I propose to leave it at that. If I am present when the work of the committee is completed, I will have more to say about it.

Hon. Muriel McQ. Fergusson: Honourable senators, as a member of the Joint Committee of both Houses of Parliament on Indian Affairs I would like to support the recommendations that are contained in the report, particularly the recommendation that a similar committee be appointed early next session to carry on the investigations and studies.

The meetings of this committee did not commence until May 20, and the committee has been able to hear but a fraction of the witnesses who wish to appear and make representations before it.

There are problems involved in Canada's dealing with the Indian population that have caused many Indians living in Canada dissatisfaction and unhappiness, and also have caused heart-searchings by many Canadian non-Indians. These problems deserve the most careful study and consideration which the committee, through lack of time, was not able to give this session.

Canadians who support the United Nations in promoting universal respect for human rights and fundamental freedoms for all without distinction as to race, sex, language or religion and who, in accordance with these principles have passed legislation providing for fair employment practices and equal pay for men and women, should realize that these principles must be strictly observed in dealing with our Indian population. It is time that we took a good look at our present legislation and reviewed our policy to be sure that in dealing with the Indians in Canada we are following the principles enunciated in the United Nations charter to which we subscribe.

From the few meetings held by the committee it seemed clear that the Indians' means of getting higher education, of earning a livelihood and acquiring a profession are limited, and in many cases they are inadequate. Many of these people would appreciate and make good use of the kind of education and assistance that would help them to become independent, self-reliant and self-supporting citizens.

It is to be hoped that, after further study of these problems, recommendations can be made by the committee which, if implemented, will improve both the economic and social status of our native population, and make for greater happiness and satisfaction not only for Canadian Indians, but for all Canadians.

Motion for adoption of report agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, July 16, 1959

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

Prayers.

HUMANE SLAUGHTER OF FOOD ANIMALS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-71, to provide for the humane slaughter of food animals.

Bill read first time.

SECOND READING

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

Hon. John Hnatyshyn: I move second reading now.

Honourable senators, I think the bill will find universal acceptance throughout the country. I do not think it is a partisan bill in the sense that anyone would be opposed to the humane slaughter of animals. There cannot be any opposition to the principle of the bill. Throughout the years humane societies have made representations to the Government through members of the Senate and the House of Commons to pass legislation dealing with the humane slaughter of food animals. I believe an attempt was made in 1957 to do this by amending the provision in the Criminal Code requiring the humane treatment of animals, but nothing was done and a new bill was introduced in 1958. However, this is the first legislation of its kind.

As honourable senators are aware, the problem of how to ensure humane slaughter of food animals has received a great deal of attention during recent years, and representations have been heard from many interested organizations. This bill is the result of serious and considerable study given to the matter, especially by the House of Commons Standing Committee on Agriculture and Colonization.

The bill prohibits the interprovincial movement or export out of Canada of any meat product unless the animal from which the meat was derived was slaughtered in accordance with the regulations authorized by this bill and the establishment in which the animal was slaughtered meets fully the requirements of the regulations. The drafting of the bill in this manner follows closely the pattern of the Meat Inspection Act of 1955, which requires all meat slaughtering establishments dealing in interprovincial or export trade to be registered under that act and to conform with the regulations.

This legislation providing for the humane slaughter of food animals will be administered by officers engaged in the administration of the Meat Inspection Act, and the bill provides inspectors with the same powers they now possess under that act.

This bill, when passed, will ensure that humane slaughter practices are followed in all packing plants within federal jurisdiction and that come under federal meat inspection. These plants account for some 80 per cent of the total slaughtering of meat animals in Canada. That is the percentage that applies now to the Meat Inspection Act. In some provinces it may be slightly over 80 per cent, and in others less than 80 per cent, but for all Canada the average is 80 per cent of the slaughtering.

It will be noted that the bill does not list acceptable or unacceptable humane slaughter practices specifically but provides for them to be established by regulations. The regulations will state what things are considered humane and can be done and what things are not considered humane and cannot be done. This will permit the approval of slaughter methods and devices now in existence which have been determined to be humane, and will provide the necessary flexibility to recognize newer methods which may subsequently be developed. The detailing of acceptable methods of slaughter in a bill of this kind would be extremely difficult, for while certain shooting methods or electrical stunners and anaesthetizing agents are certainly acceptable, these methods could be used in a manner which would not be acceptable. Because of this it is considered that the details involved must be left to regulations.

I would point out that while the Meat Inspection Act of 1955 consists of some 13 sections only, the regulations in connection with that measure consist of 185 pages. If this bill before us were to detail what is humane and can be done and what is not humane and cannot be done it would probably take 185 pages to cover it all. For this reason that aspect of the legislation is to be left to regulations. Methods of slaughter change and up to now there has been no definition of humane slaughter that is acceptable to all. It would be an enormous problem to specify all acceptable and unacceptable methods in a bill, and then whenever new devices were thought of it would be necessary to bring the legslation before Parliament for amendments. This would probably have to be done at least once a year.

Hon. Mr. Connolly (Ottawa West): Are there any regulations now under provincial laws in respect to slaughtering of animals?

Hon. Mr. Hnatyshyn: I am not familiar with provincial regulations, but there are certain regulations under the Meat Inspection Act.

Hon. Mr. Connolly (Ottawa West): But not in respect to slaughtering?

Hon. Mr. Hnatyshyn: No, not in respect to slaughtering, but the principle is the same. Meat inspection is governed by regulations. The point I am making is that I do not think this is any attempt to legislate by Order in Council, because the same principle of giving effect to the provisions of an act by regulations is already followed in the Meat Inspection Act. To my way of thinking, the only reason why the details are going to be dealt with in regulations is that it would be impossible to provide for all these details in the act itself.

Hon. Mr. Connolly (Ottawa West): If the honourable gentleman does not mind a further question, may I ask if the provinces have legislation on this subject-matter, and if so are there provincal regulations, or is this the first of such legislation in Canada?

Hon. Mr. Hnatyshyn: I am certain that this is the first of such federal legislation, but I cannot answer as far as the provinces are concerned. There may be some provincial legislation, but I am not aware of any.

The packing industry has already adopted the use of mechanical stunners for cattle and I understand that all establishments are now using this humane method.

Honourable senators will note that the slaughter of chickens is not covered by this bill. They are considered to be birds, and the slaughter of birds is found to be satisfactory, according to the reports of officials of the department.

Considerable study and experimentation have gone into the development of humane slaughter methods for hogs and other small livestock, and this has progressed to the point where alternative methods for the humane slaughter of these animals should soon be available. It is appreciated that these newer methods with respect to swine and other small stock cannot be developed and installed overnight. Therefore, I wish to give assurance that reasonable time will be provided to the packing industry for installation of the necessary facilities. I also assure the house that no expensive devices will be made a requirement and thus cause hardship to the smaller packer.

As already indicated, it is expected that through continuous study improvements in humane slaughter methods can be looked for, and as improvements are developed it will be possible to alter the regulations to provide for the most up-to-date methods.

The Criminal Code has, of course, for many years contained a provision requiring the humane treatment of animals, and this provision will continue to apply.

After careful study of this problem, it is believed that the act embodied in this bill will provide for the humane slaughter of food animals in Canada in a manner that will eliminate as much as possible needless pain and suffering of animals.

As far as I can see, there are only two criticisms that can be made of the bill. One of these I have already mentioned, namely, that the bill provides that humane slaughter be defined by regulation; and in my earlier remarks I outlined reasons why it would be impossible to legislate or define humane slaughter in a manner satisfactory to everyone. The other objection that may be raised —it was raised when the problem was being studied by the House of Commons Standing Committee on Agriculture and Colonization— is that this act may interfere with the religious practices of certain people, such as the Hebrews. May I say there is absolutely no intention of such interference. My understanding with regard to the religious practices of certain peoples, particularly the Hebrews, in the slaughter of animals for food, is that the actual cutting is not considered to be inhumane; however, the hoisting of a steer some 13 or 14 feet is considered inhumane. I am informed that when this problem was studied, rabbis and other prominent individuals stated hoisting is not a part of their religious ritual.

It would be very difficult to include in the bill a provision to the effect that this legislation does not apply to religious rituals, because if we were to do that we would have to set out what the religious rituals were. My information is that there has not been any definite agreement by the parties concerned on that point. If the bill contained such a provision, it would present an almost impossible problem from a legislative standpoint. I assure honourable senators that as far as this bill is concerned there is absolutely no intention of interfering with the religious ritual of any person or group.

Hon. Mr. Brunt: Would the honourable senator permit a question? Does this bill apply to the slaughter of all animals in Canada, or only to those animals which are slaughtered in an establishment?

Hon. Mr. Hnatyshyn: It covers only the animals that are slaughtered in an establishment where inspection of meat is a requirement. It does not cover slaughtering on

farms, nor slaughtering in small establishments that are not under the Meat Inspection Act. There are a number of smaller abattoirs or meat-packing plants that sell only within a province. Unless a meat-packing plant can come within the Meat Inspection Act it cannot export or import meat. Such a plant could not sell meat to, let us say, the Air Force or to the Army or any public institution. This bill does not cover some 20 per cent of the slaughtering in this country which is done individually or in small abattoirs.

Hon. Mr. Brunt: So it will be possible in the future to have two methods: one under this bill, and the so-called old method?

Hon. Mr. Hnatyshyn: I think the honourable senator is correct in that assumption, because this bill does not cover anything except what is done in those establishments which come within the Meat Inspection Act.

Hon. Mr. Brunt: Have you a fuller definition there of "establishment"?

Hon. Mr. Hnatyshyn: "Establishment" means an establishment that is registered under the Meat Inspection Act and in which meat products are prepared.

Hon. Mr. Brunt: Have you a copy of the Meat Inspection Act with you?

Hon. Mr. Hnatyshyn: Yes, I have a copy here.

Hon. Mr. Brunt: What does it say with respect to "establishment"?

Hon. Mr. Hnatyshyn: I think it says more or less the same thing.

Hon. Mr. Brunt: That is not a very complete definition.

Hon. John A. McDonald: I think the honourable senator should say that it means an establishment where inspections by federal meat inspectors take place.

Hon. Mr. Hnatyshyn: I have the meat inspection regulations here, and there is a long definition to which the honourable senator is welcome. With regard to the remark of the honourable senator from Kings (Hon. Mr. McDonald), I thought I had made it clear in my short explanation that the same inspectors who operate under the Meat Inspection Act will deal with this problem.

Hon. Mr. McDonald: And this bill will apply to about 80 per cent of the slaughtering in Canada?

Hon. Mr. Hnatyshyn: Yes. about 80 per cent.

Hon. W. Ross Macdonald: Honourable senators, the honourable senator from Saskatoon (Hon. Mr. Hnatyshyn) has given a very good explanation of this bill. One thing I congratulate him upon is that he has anticipated the objections which probably would have come from this side of the house. In any event, he has anticipated the objections which would have come from me. He has dealt with those objections before I have had an opportunity of putting them on the record.

He pointed out that the bill has been under study in the other house. Indeed, it was under study for some considerable time before the Standing Committee of that house on Agriculture and Colonization, which heard many witnesses and brought in a report. I might say that the committee's recommendations were not wholly included in this bill. The committee, in general, recommended that Parliament require the humane slaughter of meat animals in plants covered by the Meat Inspection Act; that is to say, plants that are within the jurisdiction of Parliament and in which federal meat inspection is carried out. The honourable senator from Saskatoon said that this bill will cover 80 per cent of all slaughtering in Canada. Another honourable senator asked: "What about the other 20 per cent?" My information is that the other 20 per cent would come within provincial jurisdiction. But the honourable senator from Saskatoon stated he was doubtful—and I also am doubtful—if there is at present any provincial legislation, with respect to this 20 per cent. However, it is hoped that the provinces will bring in legislation similar to the measure before us.

Honourable senators, the committee recommended also that the legislation be made by amendment to the Meat Inspection Act. The Government, you will notice, did not follow that recommendation. This is an entirely new and distinct bill.

It should be further noted that the bill does not list acceptable or unacceptable practices specifically, but says that they are to be provided for by regulation. That, of course, is one of the objections which the honourable senator has endeavoured to answer. I may say that he has not answered it completely to my satisfaction.

Hon. Mr. Brunt: Still, it was a pretty good explanation.

Hon. Mr. Macdonald: Yes, it was a good explanation. He said it could not be done. The record will show that in the other house—I will not refer to any speeches made there—it was felt that it could be done. Certain amendments were proposed in that house which were not acceptable to the Government and did not carry.

I also point out—and this is repeating what the honourable senator from Saskatoon (Hon. Mr. Hnatyshyn) said—that for many years the Criminal Code has contained provisions requiring the humane treatment of animals, and these provisions will continue to apply. There is no amendment to the Criminal Code before us at the present time, and my information is that it is not intended to amend it in that respect.

Notwithstanding what the honourable senator from Saskatoon has said, I feel that the Government has not taken sufficient care to provide for a safeguard against the possible invasion of the freedom of religious practices of Canadians. I was hoping that the Government would accept an amendment in that respect. The honourable senator will recall that the committee recommended that the humane methods of slaughter should be deemed to include shooting, the Hebrew method of slaughter as practised in connection with the Hebrew religious requirements, and other methods of pre-slaughter which include stunning with a mechanical stunner, certain electrical methods, and the use of anaesthetics. That is one of the committee's recommendations which are not given effect to in the bill. In the other house an amendment was proposed which many members thought would answer the objections and fears of certain religious bodies in that respect. That amendment, however, was not acceptable and was defeated.

Honourable senators, I have no more to say about this bill. Someone might ask why I do not propose these amendments to this house. I think it would be useless to do this. The amendments were carefully considered in the other house and by the Government, and the Government has stated that it will not accept them. I feel that the Government should have accepted them, but, as it is determined not to do so, in my opinion there is nothing we can do other than accept the bill.

Hon. R. B. Horner: Honourable senators, in moving the second reading the honourable gentleman from Saskatoon (Hon. Mr. Hnatyshyn) said he thought the bill would receive unanimous approval in this country. I would be less than honest if I did not say I am not at all enthusiastic about it. No doubt humane societies throughout Canada have pressed for this legislation, but I want to say there is a lot of misunderstanding as to where abuse of animals takes place. Incidentally, I often think that officials of humane societies are never where you want them or where they ought to be. In my opinion animals receive far greater abuse in western Canada stockyards than when they are being slaughtered. I give myself some credit for stopping the abusive practice of using octagon-shaped hickory canes on animals in stockyards. I have seen young calves knocked down by these canes. I refused to allow the stockyard people to use them on my cattle in Saskatoon and Winnipeg, and I think it is because of the row I raised that they are now using whips instead of canes.

Hon. Mr. Macdonald: Is whipping more humane?

Hon. Mr. Horner: It is. You can't knock cattle down with a whip.

I wish somebody would take representatives of humane societies into the stockyards to see what goes on. Somebody's pet cow may be used to being driven but not to being abused with a whip. Any farmer knows that if you continue hitting an animal over the eyes it cannot see where you want it to go. That is a worse kind of cruelty than usually occurs in the slaughter of animals. I have seen more cruelty in stockyards, especially in the loading and unloading of animals, than I have ever seen in a slaughter house.

I remember that when I bought a ranch in Alberta a young chap there had a pet saddle horse which was 26 or 27 years old. The lad asked me if the horse could end its days on the ranch. I pointed out to him what a cruel thing that would be, that any method of slaughter would take only a few minutes but that it takes quite a while for a horse to die on the prairie. It will stagger about for a month or two and then lie down and suffer for two weeks or a month longer, staying alive by eating the very ground. Some people have the mistaken idea that it is kindness to let an animal die in the place where it was raised. Actually, it often dies in agony.

I realize that in the slaughtering of animals there is a difficulty involving a certain religious group which believes in using only the knife and not in stunning the animal. I have slaughtered sufficient animals by the knife to know that this method does not cause great suffering to them. In fact, war veterans will tell you that when you are bleeding to death you feel no pain. An animal does not feel much pain if a really sharp knife is used. This method is not cruel, but the hanging-up process might be prevented.

I have sometimes found fault with actions taken by humane societies. Perhaps a farmer may be plowing a small field with a horse that has a little bit of a sore. Even though the farmer is careful in the way he uses the animal, if a humane society inspector happens to come along he will have him arrested for cruelty. The real cruelty to animals takes

place in the stockyards and no one is there to prevent it. So I have no liking at all for this bill.

Motion agreed to and bill read second time.

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

Hon. Mr. Hnatyshyn: I move that the bill be read the third time now.

Hon. Mr. Roebuck: No, tomorrow. We are sitting tomorrow.

Hon. Mr. Macdonald: Next sitting.

Hon. Mr. Hnatyshyn: Next sitting.

NEWFOUNDLAND ADDITIONAL GRANTS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-72, to provide for the payment of additional grants to the Province of Newfoundland.

Bill read first time.

MOTION FOR SECOND READING— DEBATE ADJOURNED

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

Hon. Lionel Choquette: I move the second reading now.

Honourable senators, article 29 of the Terms of Union of Newfoundland with Canada provided for appointment of a royal commission within eight years from the date of the union to review the financial position of the province and to recommend the additional financial assistance that would be required to enable public services to be maintained at the level and standards reached without more burdensome taxation than that prevailing in the Maritime provinces generally.

Term 29 is important enough that at this stage it should be read *in toto*, for it is due to this term that we now have the present bill before us.

Term 29 provided that:

> In view of the difficulty of predicting with sufficient accuracy the financial consequences to Newfoundland of becoming a province of Canada, the Government of Canada would appoint a royal commission within eight years from the date of union to review the financial position of the Province of Newfoundland and to recommend the form and scale of additional financial assistance, if any, that might be required by the Government of the Province of Newfoundland to enable it to continue public services at the levels and standards reached subsequent to the date of union, without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the Maritime Provinces of Nova Scotia, New Brunswick, and Prince Edward Island.

A royal commission was appointed, under the chairmanship of Chief Justice McNair of New Brunswick. It reported under date of May 31, 1958, after extensive study of the situation. We must look to the report itself to find out how the commission interpreted the terminology "levels and standards". On page 20 of the report we read:

> The third matter for settlement is the meaning of "levels and standards", particularly as it affects the unit of measurement to be adopted. The Shorter Oxford English Dictionary defines level as "position, plane, *standard* in social, moral or intellectual matters" and standard as "a definite *level* of excellence, attainment, wealth or the like, or a definite degree of any quality viewed as a prescribed object of endeavour or as the measure of what is adequate for some purpose". To some extent, therefore, the words "level" and "standard" are synonymous, each reinforcing the meaning of the other. It seems clear that the expression "levels and standards" has quantitative and qualitative meaning. We are concerned with the problem of measurement, and, therefore, for our purposes quality is viewed as an aspect of quantity. A higher quality service is taken simply to mean more service, which, in practice, is achieved by larger expenditure on men and materials.

The next point dealt with is the cost of levels and standards of public service, and this appears on the following page of the same report:

> It should be made clear, at this point, that we have decided to proceed upon the assumption that the levels and standards of public service are indicated by their cost. For example, if $100,000 is spent on the salaries of doctors and nurses to provide a health service, we assume for the purpose of our study that $100,000 is the measure of the flow of service which results from that expenditure. We know of no other practical method of measurement.

This bill provides authority for the payment to the province of Newfoundland of the amounts recommended by the commissioners for the years 1957-58 to 1961-62. The report itself had set no definite date of termination of payments. The commissioners faced a very difficult task in translating the rather vague terms of the article into positive recommendations.

The Government, in presenting this bill, has shown its confidence in the report. It is only in the matter of the duration of the payments that there has been any deviation from the terms of the recommendations.

In referring to the period after 1961-62 the report used the word "thereafter" as governing the duration of payments. This terminology can only be regarded as intentionally vague in the circumstances under which it was used.

It is my submission, honourable senators, that if the commissioners had felt that they

could recommend these payments "in perpetuity", those words were available to them. The commissioners were learned men and well versed in the English language. It is my submission that they felt that they could not bind any government in perpetuity, and that is why this word "thereafter" was used. That is the word that creates the present difficulty or difficulties here, if there are any at all.

Hon. Mr. Isnor: I do not like to interrupt the honourable senator, but I wonder if, having given some definitions from the Shorter Oxford English dictionary, he would be good enough to give us the definition of "thereafter" from the same dictionary.

Hon. Mr. Choquette: Well, I have not the dictionary here. I can say that in my younger days I listened to a lot of stories in which people "lived happily thereafter."

Hon. Mr. Robertson: This bill makes grants for only five years.

Hon. Mr. Choquette: I will deal with that later.

Hon. Mr. Hugessen: It does not appear as if the province of Newfoundland is disposed to "live happily thereafter".

Hon. Mr. Choquette: Well, I would think so, because I feel, and I think everyone will agree, that no matter what party is in power the special needs of Newfoundland will be discussed and considered and looked after. However, in a few minutes, I will deal with that from a constitutional point of view, although I am not an authority on constitutional language.

In view of the fact that Canada and Newfoundland had both recognized at the hearings that an award based on one selected year could have little validity over an indefinite future period, the Government has proposed that payments be limited in this instance to the period that coincides with the present financial arrangements under the Federal-Provincial Tax-Sharing Arrangements Act. As honourable senators all know, the whole question of federal-provincial financial arrangements is now undergoing extensive study on a co-operative basis by Canada and the provinces. It has therefore seemed appropriate that any special circumstances relating to the financial position of Newfoundland after that date should be taken into account through these means. The fairness and logic of this approach to an ever-changing problem seem obvious, and I am sure will appeal to all those who give it their objective consideration.

In order to make it perfectly clear that the province's rights will be protected by this process, reference to the procedure has been included in a recital of the preamble to the act.

The bill, which is entitled "Newfoundland Additional Grants Act", will provide for unconditional payments to the province for the five fiscal years ending in 1961-62. These payments, which are additional to the transitional grants under article 28 of the Terms of Union, are as follows:

For	the	fiscal	year	1957-58	-	$6,600,000
"	"	"	"	1958-59	-	6,950,000
"	"	"	"	1959-60	-	7,300,000
"	"	"	"	1960-61	-	7,650,000
"	"	"	"	1961-62	-	8,000,000
						$36,500,000

The amount of the transitional grant in each of these first four years is the difference between the amount of the payment stated in this table and $8 million.

These payments due for the fiscal years 1957-58 and 1958-59 and the first half-yearly payment for 1959-60 will be made as soon as the act comes into force. The balance will be paid half-yearly.

Honourable senators, that is about the extent of this bill. I said I might deal briefly with the constitutional standpoint on the question of perpetuity. It is my submission that any change in the terms of article 29 which would be binding on Canada and Newfoundland alike could only be achieved by an amendment to the British North America Act passed by the Imperial Parliament, as was the B.N.A. Act of 1949 which confirmed the terms of the agreement. That is the submission I make after studying the amendment and the import of the act. I am happy to say other honourable members will discuss the bill, among whom will be my learned friend from St. John's East (Hon. Mr. Higgins). I am sure that his speech will be more enlightening than mine.

Hon. Mr. Isnor: Would the honourable senator be good enough to read the closing words of the last part of section 3, which states how the payments are to be made?

Hon. Mr. Choquette: Section 3 subsection 2, reads:

> One-half of the grant payable under this act in respect of the fiscal year 1959-60 shall be paid immediately upon the coming into force of this act and the balance thereof on the 1st day of January, 1960, and the grant payable under this act in respect of a subsequent fiscal year shall be paid as follows, namely, one-half thereof on the 1st day of July next following the beginning of the fiscal year and the balance thereof on the 1st day of January next thereafter.

Hon. Mr. Isnor: That word "thereafter" is the same word that was used in the recommendation of the commission, is it not?

Hon. Mr. Choquette: Yes.

Hon. W. Ross Macdonald: Honourable senators, first of all I must congratulate the honourable senator from Ottawa East (Hon. Mr. Choquette) upon the very clear explanation he has given of this bill. It has been a concise explanation and I believe he has covered the main points very well indeed. He said a "more enlightening" address will be delivered by the honourable senator from St. John's East (Hon. Mr. Higgins), but before we hear from the honourable senator may I be permitted to make just a few remarks?

I do not intend to delay unduly the passing of this bill. In fact, so far as I am concerned, I would not object to the bill receiving second reading today. However, if it is deemed advisable to put over second reading until tomorrow I will not object to that being done.

The record shows that the bill has been very fully discussed in the other place and I feel that most of what can usefully be said is already on the record. I use the word "usefully" because there is no doubt that the Government has made up its mind to pass this bill in its present form and I am sure that no words of mine will persuade the Government to change its mind.

The honourable senator from Ottawa East has given the impression that all is well and that the province of Newfoundland will not suffer as a result of the passing of this bill, but I can assure him that the people of Newfoundland have not got that confidence and they are still very disturbed about this bill.

The bill, as the honourable senator has said, has to do principally with article 29 of the Terms of Union. This deals with a matter which, if it had been settled satisfactorily, would in my opinion have completed the work of Confederation. For many years statesmen of both Canada and of Newfoundland had been endeavouring to bring about a union between our two countries. This was successfully accomplished ten years ago under the leadership of the Right Honourable Louis St. Laurent, who was our Prime Minister at that time. I recall that one member of this house, the honourable senator from Bonavista-Twillingate (Hon. Mr. Bradley), took a very prominent part in the negotiations leading to union and the final agreement, as did also the present Premier of Newfoundland. It is needless for me to say how happy all Canadians were at that time, and since then they have become even more happy, to have Newfoundland as our tenth province, having equal rights in all respects with the other provinces. We are now one great nation of ten provinces.

At the time of Confederation it was admitted by both parties that there were certain financial arrangements which had not been concluded. The financial arrangements between the two countries had for many years been the stumbling block to the concluding of an agreement. In order that Confederation might be no longer delayed Newfoundland agreed to enter into the contract establishing Confederation by having included in the agreement Term 29, which dealt with this difficult financial problem. I have been told by many Newfoundlanders—and I can be corrected if this is wrong—that it is doubtful if Confederation could have been completed at that time without the inclusion of Term 29 in the agreement, and that Newfoundlanders consider this article to be a specific and solemn undertaking given by the Government of Canada and accepted as satisfactory by the Newfoundland Government, as the result of which these two sovereign nations within the Commonwealth of Nations signed a pact or, shall I say, a treaty, which provided for their union.

The views of the people of Newfoundland with regard to the significance of Term 29 were well expressed in a speech which was delivered by the Minister of Finance of Newfoundland at the time he brought down his budget this year. I would like to quote a portion of that speech. He said:

> It will be useful, I think, if I put the simple facts on the record. These facts are unmistakable. It would require almost a wilful attempt to misunderstand them. This term—

That is Term 29—

> —was passed by the Parliament of the United Kingdom, House of Commons and House of Lords. It was passed by the Parliament of Canada, House of Commons and Senate. It was confirmed by the Government of the day in Newfoundland. That would be the commission of Government. It forms part and parcel of Canada's Constitution, the Brtish North America Act of 1867 with amendments. It is therefore no ordinary document. It is not a contract made between two tradesmen. It is rather a solemn agreement made between two high contracting parties, these being the Government of Newfoundland and the Government of Canada at a time when they were separate countries.

Well, honourable senators, there is no doubt as to the importance which is placed by the people of Newfoundland on Term 29. It had been my intention to read Term 29 into the record but the honourable senator from Ottawa East has done that.

Honourable senators will recall that this term requires the appointment of a royal commission within eight years from the date of Union to review the financial position of the province of Newfoundland, so that that province—and I call honourable senators'

attention to this condition—might be enabled to continue its public services at the levels and standards reached subsequent to the date of Union without resorting to taxation more burdensome generally than that obtaining in the Maritime provinces.

As has been said by the honourable senator from Ottawa East, a commission was appointed. Its members were three very competent men. The chairman was the Honourable Mr. Justice J. B. McNair, Chief Justice of New Brunswick; and the members were the Honourable Sir Albert J. Walsh, the then Chief Justice of the Supreme Court of Newfoundland, and Mr. John James Deutsch, who has recently been advising our Standing Committee on Finance in its study of the threat of inflation.

The commission made an exhaustive and painstaking examination in accordance with the terms of its appointment. I do not wish to read at length from the report of the commission, but if honourable senators will bear with me, I shall read a part of that report.

At page 4 the commission says:

The natural resources

That is the natural resources of Newfoundland.

—were largely unsurveyed and unexplored. Very few intensive investigations had been carried out. Little or no research had been applied to problems of utilization and marketing, even in the fisheries—

The deficiency in the public services was strongly evident in the lack of social capital and in the limited development of the social services. Aside from St. John's, and a few other centres the province was without municipal organizations or municipal facilities. In this respect Newfoundland was at about the same stage as the Maritime provinces were in 1867—

And at page 8 of the report:

There have been few really major improvements in the levels and standards of services. The deficiencies of the past have not been substantially overcome—

The Newfoundland portion of the Trans-Canada Highway is not more than a quarter completed in terms of total estimated cost. There is no trans-provincial road whatever. The majority of the numerous small settlements in the province are still without any road connections—

In short, Newfoundland is confronted with the urgent task of modernization, but is without the modern means of mobility and communication—

At page 9 the report goes on to say:

The average *per capita* incomes in Newfoundland are further affected by the more limited opportunities for female workers and by the fact that the proportion of the population of working age is significantly smaller than elsewhere in Canada. In 1956, 41 per cent of the population of Newfoundland was under 15 years of age as compared with 32 per cent for Canada as a whole—

The addition of Labrador to Canadian territory has added also another frontier rich in minerals and water power. Labrador is already making its contribution to the vital role which undeveloped frontiers have played in the history of national economic expansion.

Reading from page 16 of the report:

The total of the federal payments comprised 73 per cent of the total provincial net revenue in the fiscal year ending March 31, 1951 and 48 per cent in the fiscal year ending March 31, 1957—

In other words, during the past three years the revenues of the province on ordinary account have fallen more and more short of the requirements for ordinary expenditures—

In the most recent fiscal year ending March 31, 1958, the estimated financial requirement was nearly $16 million, all of which would have had to be borrowed.

Honourable senators, I have read these excerpts from the report so that there will be no doubt in the minds of any of us that Newfoundland does need considerable financial assistance. The honourable senator from Ottawa East has read the finding of the commission, and I will not delay the house longer on that, except to emphasize what the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor) referred to a moment ago, that the last clause contains the words, "thereafter $8 million per annum".

It was, I am sure, the view of the province of Newfoundland that the amount awarded was not sufficient. That is what I read in the press, and I am sure it is an authoritative statement. Newfoundland had, however, entered into a solemn pact with Canada in a spirit of fairness which had been displayed on both sides, and the province did not doubt that it would be necessary for it, and also for Canada, to accept the finding of the commission as to Newfoundland's requirements.

I need not remind the house of the surprise, the keen disappointment, and the indignation with which Newfoundland received the news that the Government of Canada, without consultation with the Government of Newfoundland, had set aside the findings of the commission and declared that the payments would cease in 1962. I am emphasizing the fact that the Government of Canada did this without consultation with the Government of Newfoundland. That arbitrary action on the part of our Government is, without doubt, contrary to the spirit of the obligation which the federal Government entered into with Newfoundland, and which was set forth so clearly and concisely in article 29 of the Terms of Union.

Hon. Mr. Brunt: Would the honourable senator permit a question?

Hon. Mr. Macdonald: Yes.

Hon. Mr. Brunt: Does the honourable senator interpret the agreement, or the report

of the commission, in such a way that commencing with the year 1961-62 $8 million shall be paid annually in perpetuity to Newfoundland?

Hon. Mr. Macdonald: I interpret the agreement as a solemn pact between these two countries, which were sovereign states at the time it was entered into, that the findings of the commission would not be interfered with without consultation, and that the most powerful party to that agreement would not assume the power to disregard the report of the commission. That is why I am objecting to this bill.

Hon. Mr. Brunt: That is not what I asked.

Hon. Mr. Macdonald: It is not for me to interpret the agreement. I am stating what the arrangement between these two sovereign states was. When two people enter into an agreement, or when two sovereign states enter into an agreement, they have equal rights. I maintain that one of them cannot change the agreement without the consent of the other or, at least, without consultation with the other. That is my stand, and I cannot make it any clearer.

Hon. Mr. Brunt: Do you maintain there was an agreement made between the two states that after the fiscal year 1961-62 $8 million would be paid annually to Newfoundland in perpetuity?

Hon. Mr. Macdonald: There was no mention of 1961-62 or of any year in article 29. The provision was that there would be review, and I have no doubt whatsoever that in the minds of both parties at that time there was an understanding that the recommendations of that commission would be carried out; in any event, that those findings would not be put aside without consultation between both parties. That is where I stand, and that is as far as I am going. My friend is not going to force me to make any further interpretation. What must be done is a matter for consultation between the two Governments. Because one Government now holds the big stick it should not use its power without consultation with the other administration, but the federal Government has not consulted with the other Government.

Hon. Mr. Brunt: I am not trying to trip up the honourable senator.

Hon. Mr. Macdonald: Do not worry; I am not going to be tripped up.

Hon. Mr. Brunt: That is the farthest thing from my mind, but I would like the honourable senator to give me his understanding as to the payment of $8 million. That is all I am asking. Is it the honourable senator's opinion that the commission decided that the payment of $8 million should continue in perpetuity after 1962?

Hon. Mr. Connolly (Ottawa West): Why not give us your opinion?

Hon. Mr. Brunt: I will give it.

Hon. Mr. Macdonald: I can only repeat what I have already said, that the $8 million payment should be paid thereafter until there is some arrangement satisfactory to each side. If there is an arrangement satisfactory to each side then it will be changed, but my point is that the strong party to that agreement should not assume the power to ignore the terms of article 29 and say: "We will interpret it without consultation with the other party".

Hon. Mr. Brunt: But they are going to give them a chance to open it up again in 1962.

Hon. Mr. Macdonald: Yes, they will give them a chance. They will give them a chance in the same way, and reduce it a lot more. They did not consult them this time. What assurance has the Province of Newfoundland that the same procedure will not be followed in 1962? There is no assurance, but I will give an assurance in a moment.

Honourable senators, I have explained the circumstances which have brought about the introduction of this bill at this session of Parliament. I might say that it is pretty late in the day to introduce it, but it has been introduced, and there you are. I have said that I will not endeavour to delay passage of this bill, and I stand by my remarks.

One reason why I would not delay the passage of the bill is that if we succeeded in stopping its passage we would prevent Newfoundland from getting at this moment assistance which it so sadly needs. The only way now in which it can get its rights is by an ultimate appeal to the electorate.

Honourable senators, if it would serve any good purpose I would propose a number of amendments to this bill. Again, you may ask me: "Why do you not do it?" Well, amendments were proposed in the other house, and not one of them was acceptable to the Government of the day. Why should we just delay passage of this bill by sending the same amendments forward? The Government would simply say: "We have heard this story before. We have made up our minds."

Hon. Mr. Brunt: Maybe we would have new amendments.

Hon. Mr. Macdonald: I do not know of any new ones. The ones that I have in

mind are the ones that the Government has said it definitely will not accept.

Hon. Mr. Connolly (Ottawa West): Maybe the honourable senator from Hanover (Hon. Mr. Brunt) has one.

Hon. Mr. Brunt: No, I am happy with the bill.

Hon. Mr. Macdonald: Well, I am unhappy with it.

All I will say in conclusion, honourable senators, is that I am in complete accord with the stand that has been taken by the Liberal party in connection with this matter.

Hon. Mr. Aseltine: I am not surprised at that.

Hon. Mr. Macdonald: No, I am sure my friend is not surprised at that, and I am sure my friend feels that we have taken the right stand. I am sure my friend feels that this bill should not have been presented to this house before the whole question had been discussed with Newfoundland.

We take that stand firmly, that discussion should have taken place first. We feel that we should stand firm—and I am referring to the Liberal party—on the commitments made and the obligations undertaken in the pact of Union signed at the time of Union. We stand for carrying out that pact both in letter and in deed.

I have referred to the fact that the recommendations of the commission were changed by the Government without consultation with the province. Our stand is, and I am in complete accord with it, that when the commitments of that pact are to be changed it should not be done by arrogant imposition of federal decisions on a province, but by consultation and in agreement with Newfoundland.

Honourable senators, I would like to tell the honourable senator from Hanover that when there is a change in the administration—and it may not be so far in the future as the honourable senator thinks—

Hon. Mr. Brunt: I am not a prophet; I am just listening.

Hon. Mr. Macdonald: —I am confident that the Government of Newfoundland can be assured that the injustice which has been done to it will be removed, that this violation of a contract will be corrected, and that the Act of Union will be honoured in all its parts and will be carried out both in letter and in spirit.

Hon. Mr. Brunt: And that means $8 million a year in perpetuity.

On motion of Hon. Mr. Higgins, debate adjourned.

LAND USE

REPORT OF COMMITTEE

Hon. Arthur M. Pearson, Chairman of the Special Committee on Land Use in Canada, presented the second report of the committee.

The Clerk Assistant (reading):

The Special Committee of the Senate on Land Use in Canada make their second report as follows:

Some Hon. Senators: Dispense.

The Hon. the Speaker: Honourable senators, when shall this report be adopted?

Hon. Mr. Pearson: Now.

Hon. Mr. Macdonald: Next sitting. I would point out that a number of honourable senators have not had an opportunity of seeing the report.

Hon. Mr. Pearson: Would there be any objection to my giving a brief explanation now?

Hon. Mr. Macdonald: Next sitting.

The Hon. the Speaker: Consideration next sitting.

For text of report see Appendix to today's Hansard, *pp. 1078-87.*

DIVORCE

REPORT OF COMMITTEE

Hon. Arthur W. Roebuck, Chairman of the Standing Committee on Divorce, presented the committee's 369th report.

He said: Honourable senators, I have the honour to present the 369th report for this session of the Standing Committee on Divorce. This is the general report usually made by the committee through its chairman, and of course it is the final report. It may be worthy of note that this is the eighth final report it has been my good fortune to present, and in which I have recounted the activities and accomplishments of this committee of which I have the honour to be chairman. My first report was made in 1953. There were two reports in 1957 because of two sessions that year.

As is usual when making this final report, my first word is to express my thanks to the working members of the committee for the devotion with which they discharged their onerous duties, for the loyalty which they showed in their attendance, which was excellent this year, and for the care and industry which they brought to the hearings. There was a minimum difficulty this year in the matter of manning our subcommittees, and for that I am exceedingly grateful to the members of the committee. In this connection I might mention we had one addition to our membership, in the person of the honourable senator from Saskatoon (Hon. Mr.

Hnatyshyn), whom we welcomed at the first of the session. I take this opportunity to express my pleasure in having him on the committee and I thank him for the services he rendered.

Honourable senators may recall that session after session in the course of my report on the activities of the committee I have mentioned that the honourable senator from Huron-Perth (Hon. Mr. Golding) has led the committee members in the matter of attendance. Last session we were all deeply sorry when he became seriously ill and was unable to maintain his fine attendance record. But I am delighted to report that this session he once again ranks first in attendance at the Divorce Committee's sittings. So I may say to my honourable friend that he takes first prize.

The next person to whom I would refer in this connection is the honourable senator from Medicine Hat (Hon. Mr. Gershaw). I have special reasons for being grateful to him, for on several occasions when it was not possible for me to be present to discharge my usual duties he acted as general chairman. He did so with efficiency and in that spirit of kindness and courtesy which has endeared him to all of us. I am only sorry that he is not here to accept my compliments and my expression of gratitude.

I am very pleased indeed with the co-operation I have received from all members of the committee and from the members of the staff, a general co-operation which has characterized and marked our proceedings. In this connection I would like to acknowledge the efficient, faithful and excellent services rendered by the Committees Branch under the direction of Mr. Harvey Armstrong. The management of 449 divorce petitions and the bringing to trial of 356 of them in a single session of Parliament is an accomplishment of no small magnitude. There is a great amount of detail involved and there is no room for sloppiness, but the work has been carried out in an efficicent and accurate manner. The responsibility for the function of bringing these cases to trial has fallen on the shoulders of Mr. John Hinds, who is next in seniority in the staff under Mr. Armstrong. I have some knowledge of the painstaking labour that is involved in this matter, because the interlocutory work which precedes the actual trial is done in my office and the number of orders which I have been called upon to make and decide is very considerable.

We members of the Divorce Committee pride ourselves, I think rightly, on the courtesy with which we carry on our proceedings, and if we have, as I think we have, acquired some reputation in this regard, a considerable portion of the credit is due to the three gentlemen who act as registrars or clerks of the courts at our subcommittees. They are Mr. J. D. MacDonald, Mr. A. Fortier and Mr. G. Lemire. Nor should I overlook the two attendants, Mr. George MacIntosh and Mr. Alexander MacFarlane. The gentlemanly good nature and courtesy of these five men in the course of our trials, and the equally good nature and courtesy of Mrs. Anderson in the office upstairs, has put many a nervous and troubled litigant at ease and facilitated very greatly the normalcy of our proceedings. I express to them the gratitude of the whole committee for the services they have rendered.

In the Department of National Defence the navy is known as the silent service. With us in this committee, and also elsewhere, the silent service is the *Hansard* staff—the men under Mr. Basil Lake. I refer to Mr. Hagen, Mr. Hubbard, Mr. Lemire, Mr. Crockett and Mr. Lawrence. I add to those names Mr. George Baker, who recently joined the staff on the retirement of Mr. Percy Shelton. We all regretted Mr. Shelton's departure, and I have noted with some interest and pleasure that when we were hard up for reporters he helped us out, notwithstanding the fact that he is living in Montreal.

In this category of courteous civil servants I should also include Mr. Henri Perrault, our very competent interpreter.

I am sorry, of course, to note the continued absence of the honourable senator from St. Boniface (Hon. Mr. Howden), who has been ill throughout the session. I know we all send him our best wishes for his early recovery.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Roebuck: Honourable senators, I will now proceed to read the report:

The Standing Committee on Divorce make their 369th report, as follows:

For the present session of Parliament 449 petitions for bills of divorce were presented to the Senate and dealt with by the Standing Committee on Divorce, as follows:

Petitions heard and recommended	353
Petitions heard and rejected	3
Petitions withdrawn	10
Petitions not disposed of	83
Total	449

Last session 93 cases remained undisposed of. In other words, they went over to the next session. That is the regular procedure. We tried every case that was ready to be tried, but there were a number of cases where petitions were filed but the proceedings were not completed, so those cases were not open for trial this session and will go over to the next session. Such cases are tried without any additional fee.

Of the petitions recommended 352 were from petitioners domiciled in the province of Quebec, and one was from a petitioner domiciled in the province of Newfoundland.

That is the lowest number of petitions dealt with in the past five or six years.

Of the 352 petitioners domiciled in the province of Quebec, 106 were husbands and 246 were wives.

The petitioner domiciled in the province of Newfoundland was a wife.

Of the petitions heard, 7 were opposed at the hearing.

May I add that there were many notices of contestation in which no contest finally took place at trial. That is a problem we shall have to meet in the course of time. Sometimes women apply for an order compelling their husbands to pay something for their defence, and then do not turn up at the hearing. In such cases the notice of contestation is really a means to get money from their husbands rather than to contest the divorce.

Hon. Mr. Brunt: Does the husband pay the money to the wife or to the committee?

Hon. Mr. Roebuck: Usually he pays it to her solicitor.

Hon. Mr. Brunt: Why not have it paid to the committee?

Hon. Mr. Roebuck: The present intention is to have the money paid to the committee or to have it held by the committee until the trial actually takes place before a wife gets the money. We intend to do that next year.

The main or general committee met 57 times during the session on 57 separate days. The general committee divided into subcommittees for the hearing of evidence in support of petitions and these subcommittees held 114 meetings.

In 15 cases, where the petitioner pleaded hardship on account of straitened circumstances in respect to the payment of the full parliamentary fee, the committee recommended a partial remission and in one case a full remission.

The fees paid to Parliament for bills of divorce heard and recommended during the present session amounted to $72,325.00.

According to my calculation, there is a net saving to the Consolidated Revenue Fund of about $30,000, after paying the expenses of the trials—that is to say, after the wages of all the employees, a proportion of those in the Committees Branch, and so on, and costs of translation and printing, and all the rest of it, have been taken into account. So we have not altogether been a burden on the finances of the country.

Hon. Mr. Brunt: You haven't anything in for overhead.

Hon. Mr. Roebuck: The report continues:

Assuming that all bills of divorce recommended by the committee, now in various stages before Parliament, receive the royal assent, the comparison of dissolution of marriage granted by Parliament in the last ten sessions is as follows:

1951	294
1952	312
1952-53	282
1953-54	378
1955	402
1956	356
1957 1st session	338
1957 2nd session	187
1958	319
1959	353

Honourable senators will notice a fairly regular number year after year, growing slightly but not very markedly, up to the present time.

Statistics covering the number of divorces granted in the different provinces during the years 1954 to 1958, both inclusive—1959 for Quebec and Newfoundland are as follows:

	1954	1955	1956	1957	1958	(1959)
Canada	5,922	6,031	5,890	6,688	6,211	
Newfoundland	8	1	5	6	7	1
Prince Edward Island	8	7	1	2	1	
Nova Scotia	249	253	230	250	220	
New Brunswick	117	181	215	206	150	
Quebec	370	401	351	519	311	352
Ontario	2,468	2,509	2,472	2,873	2,708	
Manitoba	371	237	221	242	281	
Saskatchewan	250	237	221	242	281	
Alberta	610	627	685	726	743	
British Columbia	1,471	1,483	1,502	1,559	1,498	

Hon. Mr. Macdonald: Did my honourable friend say there were approximately 6,200 divorces granted in Canada in 1958?

Hon. Mr. Roebuck: 6,211.

Hon. Mr. Macdonald: How many divorces were granted in the Senate that year?

Hon. Mr. Roebuck: From Quebec and Newfoundland—and Newfoundland never gives us more than half a dozen—there were 311.

Hon. Mr. Macdonald: Are they included in the 6,211?

Hon. Mr. Roebuck: That is right.

In Ontario during that year there were 2,708, which is a very good showing, indeed, for this province.

There were from British Columbia, 1,498. The population of British Columbia, of course, is very much less than that of Ontario.

Hon. Mr. Smith (Kamloops): Would the honourable senator say if there are any statistics available indicating the number of minor children whose lives are influenced by these divorces?

Hon. Mr. Roebuck: No, we have no such records, and, as far as I know, none are kept by the Dominion Bureau of Statistics.

The national divorce rate per 100,000 population granted in Canada in 1958 was 36.5, divided as follows:

Newfoundland	1.6
Prince Edward Island	1.0
Nova Scotia	31.0
New Brunswick	26.0
Quebec	6.4
Ontario	46.7
Manitoba	33.6
Saskatchewan	31.6
Alberta	61.9
British Columbia	97.0

The following statement shows a comparison between the number of divorces granted to husbands and wives respectively in the years mentioned.

	Husbands	Wives
1954	2,337	3,585
1955	2,357	3,674
1956	2,279	3,611
1957	2,701	3,987
1958	2,532	3,679

All of this is respectfully submitted by myself as chairman.

The Hon. the Speaker: It is ordered that this report lie on the table.

Hon. W. M. Aseltine: Honourable senators, I would like to thank the chairman of the Divorce Committee (Hon. Mr. Roebuck) and his very capable colleagues for the able manner in which they carried on their strenuous work. I was chairman of that committee for many years, and although I did not find the work particularly difficult from a legal standpoint it was onerous and confining, and at times quite disagreeable. I know we are all grateful to the committee for having performed its onerous task in such a capable manner, and I want to thank everyone concerned, the chairman of the committee, the members, the officials and everyone else who had anything to do with this work.

Hon. Gustave Monette: Honourable senators, I wish to join in the concert of praise of the honourable Chairman of the Divorce Committee (Hon. Mr. Roebuck) and of the honourable senators who helped him in his heavy task.

All senators know that because of my religious principles I cannot pass comment on the desirability of granting divorce, but I am fully aware that by law the Senate has been given power to deal with divorce petitions and that senators have to perform the duty imposed on the Senate. Catholic senators and others who wish to refrain from participating in these inquiries and subsequent decisions are not pressed to do otherwise, and, that being so, I say frankly and positively that those who accept that duty and fulfil it deserve great respect and commendation from their co-senators. We who cannot participate in the handling of these petitions deeply appreciate the services rendered by the honourable members of the Divorce Committee.

Hon. W. Ross Macdonald: Honourable senators, I would like to join with the Leader of the Government (Hon. Mr. Aseltine) and the honourable senator from Mille Isles (Hon. Mr. Monette) in the tribute which they have paid to the distinguished, industrious and never-tiring chairman of the Divorce Committee (Hon. Mr. Roebuck). He has given splendid leadership to the committee. I also join in complimenting all the members of that committee. The committee sits frequently when the Senate is adjourned. Indeed, when the Senate stands adjourned from Thursday afternoon to Tuesday evening, it is usual, over a period of many weeks, for members of this committee to conduct hearings on Friday, Monday and Tuesday. We are greatly indebted to them.

May I say that I was much interested in the remarks made by the honourable senator from Mille Isles (Hon. Mr. Monette). We know his views and those of others from his province on this question. But by his remarks he has shown that he is a man of deep intelligence and broad tolerance. It must be some satisfaction to him and to other senators from the province of Quebec to note that in the past year there were only 311 divorces granted to parties from that province, compared with 2,708 divorces in the neighbouring province of Ontario.

Report tabled.

LAND USE

REPORT OF COMMITTEE—DEBATE ADJOURNED

Hon. Mr. Taylor (Westmorland): Honourable senators, may I ask, with the unanimous consent of the house, that the honourable senator from Lumsden (Hon. Mr. Pearson), Chairman of the Land Use Committee, be allowed to review briefly the report of the committee which was presented this afternoon?

Hon. Mr. Macdonald: Agreed.

The Hon. the Speaker: Honourable senators, is there unanimous consent to revert to the order for consideration of the report?

Hon. Senators: Agreed.

By unanimous consent the Senate reverted to the order for consideration of the report.

Hon. Arthur M. Pearson moved adoption of the report.

He said: Honourable senators, I appreciate the privilege that has been granted me to review briefly the report of the committee, and I thank the honourable Leader of the Opposition for his kindness.

In bringing the second report of the Land Use committee before this house I would like to take this opportunity of thanking all the witnesses who appeared before our committee.

Also at this time I would like to express the appreciation of the committee for the fine work done by our technical advisor, Mr. Ralph A. Stutt, of the Economics Division of the Department of Agriculture, at Ottawa. The committee had a short discussion with Mr. Taggart, the Deputy Minister, and Dr. Booth, and also a brief from Dr. Andal, which gave us considerable assistance in striking a stand which we wanted to take in a study of the uneconomic small farm unit.

I also want to say that I personally appreciate the assistance given throughout the session by the members of the Land Use committee.

It was evident to the committee that there is great public interest in the plight of the farmer on the small farm unit, as shown by the evidence submitted to us. This interest centered around the welfare of small farmers who operate farms on a full-time basis and whose farms are too small to provide an acceptable standard of living.

The term "small farm" has been used to cover a wide group of farm units. These farms have been described by various terms such as "low income", "uneconomic farm units", "small scale", "part-time", "residential" and others. In the main, the committee considered the class of truly commercial or full-time farms. There are many small farms in Canada which are not considered strictly as commercial farms, since a considerable part of their income is obtained from off-farm sources. Some small farms, mostly adjoining urban centres, are strictly residential and their owners work elsewhere. Some small farms are occupied by elderly people who remain on the farm because they are satisfied with conditions as a way of life.

All evidence presented to the committee indicated that it is impossible, with our present knowledge, to give a precise answer to the number of "problem" small farms in the various provinces. There are three main reasons for this conclusion. First, there is no general agreement as to what constitutes a minimum, acceptable standard of living; second, full information with respect to farm income is not available; and, third, statistics are not available in sufficient detail to show the number and location of these farms. According to a classification in the 1956 Census of Agriculture, 21 per cent of all farms in Canada are non-commercial, the income from each being less than $1,200 per annum. At that time there were some 120,242 of these farms in Canada. The evidence, however, indicated heavier weighting of small farms—most likely in the "problem" group—are occurring in sections of the Atlantic and central provinces.

The evolution which has been taking place in farming across Canada in mechanization, technology and the use of more capital has resulted in a higher degree of efficiency and more production. These changes have led to an increase in size of farms and a drop in the number of workers on the land. The problem of the commercial farmer and the main aspect of the farm problem at the present time would appear to be production in excess of the amount that can be sold at prices which are believed to be fair and just. This development, in essence, boils down to fewer farmers, and thus the "small farm" problem is a part of the overall farm problem. The current view of organized farmers is that the problems of the "commercial" and the "small" farm should be treated through a blend of action by third parties such as governments, or co-operatives, since the considerations involve moral facets relating to justice and fairness as well as to economic factors of material well-being. We do not want to rely on the mechanism of economic forces alone to eliminate or squeeze out the low-income farmer for a practical and satisfactory answer to this segment of the problem.

The "small farm" problem results from a lag in adjustments in the agricultural sector of the economy. The present rapid changes in technology taking place in Canadian agriculture have only served to enlarge and make the problems more acute. One of the characteristics of this change is a shift from farming as a way of life, to farming as a business. The small farm problem is also accentuated by the type of soil, climate and limitation of crops that can be grown in particular areas. Again, many of the problems of the small farm are the result of original settlement policies and patterns established in the past and to circumstances beyond the control of farmers. In many cases, even today, there

has been a concentration and extension of settlement beyond the areas in which an economic unit can be established.

Modern farming requires a large capital investment in land and equipment, as well as fairly large cash outlays for operating expenses. As the usual spread between the cost per unit and price per unit is rather small, the critical problem of limited output makes the small farm particularly vulnerable because of the low volume of production. It was pointed out that part of the problem in many cases is due to poor farming methods and practices, poor planning and management and unawareness of land use capabilities, lack of initiative and limited alternative opportunities. In the past, our "Extension Programs" have been aimed too much at the needs of the commercial farmer with respect to production matters and not enough to matters of good farming and management. This seems, then, to create a need for a change in the educational program. Whenever there is a fairly large concentration of small farms other economic and social problems develop. The area frequently takes on the characteristics of a slum. The services of the community reflect the situation. School and church facilities are often poor, community life, generally, suffers, and roads and other services are neglected or lacking.

In the Maritimes the "small farm" problem may be attributed to a variety of factors such as the size of operation, available land area, soil, topography, capital and management, etc., whereas on the Prairies uneconomic units may result from low average yields, long freight hauls, export market, original settlement pattern or lack of capital resources.

The problem of the full-time or near full-time farms is derived from two main problems—low farm income and instability of farm income. In the case of the part-time, residential and other small farms, the problems are sociological and institutional. When families and communities making up the small, full-time farm group have failed to meet new conditions of mechanization and technology as they have occurred, or to increase income from the farm or elsewhere, yet stayed on their farms through lack of means to change or through attachment to their homes, or both, the problem has grown increasingly acute.

There are certain explicit objectives which ran through all the submissions with a high degree of similarity and agreement. These are outlined in one of the presentations, as follows:

1. The improvement of the level of living of farm families on low-production farms.
2. The improvement of the income position of farmers. This includes income also from the non-farm sources.
3. The consolidation or integration of small farms into larger and more productive units.
4. Facilitating the transfer of part of the agricultural labour force from agriculture to other occupations.
5. The maintenance of the family farm.
6. The maintenance of the rural community.
7. Better use of both human and natural resources.

Some other objectives noted were the adjustment in the use of poor lands from agriculture to other uses such as forestry, grazing and recreation. In certain regions of the country other major land use in occupations such as lumbering, pulpwood cutting, etc., farm wood-lots and fishing should be recognized as the best alternative use, either in place of or as complementary to agriculture.

The federal Government must be concerned with the best use for conservation of these resources since they are basic to the needs of the nation.

The interest of members of society as it related primarily to our commercial farmers is a deep concern for the assurance of a continuous and adequate supply of food and other farm products to meet the consumers' needs. This brings up the need for conservation of soil, water and other natural resources and for continuing research and education with a view to further advances in the field of agricultural technology.

There also was general agreement in the belief that national policies and programs consistent with the objectives which have been stated might be organized and developed under, at least, three divisions. These were stated in one case in the following manner:

1. Better land use.
2. Creation of an economic climate designed to facilitate and improve "off-farm" income and employment conditions.
3. More efficient levels of production on farms remaining in agriculture.

Certain policies and programs designed to meet the needs of the majority of commercial farmers were not believed to be appropriate to improve the lot of the low-income small farmer. Most briefs stressed the need of new or particular types of programs aimed directly at the low-income farmer. The main need would be flexibility of policies and programs adaptable to co-ordination of effort, continuous research study and service on a co-operative basis between federal and provincial Governments.

The need for the development of a national "Land Use Policy" was probably the most frequent and strongly-advocated proposal.

As a prerequisite, the conducting of land use surveys to provide the information on the best usage of specific areas of land and on problems of prospective problems arising from existing use was stressed. These would enable the study of proper land use by local

land use committees and an economic classification of land for alternative uses of poor lands. These studies would determine:

1. Areas which should continue in agricultural production.
2. Soil and water conservation, drainage and other types of development measures.
3. Delineation of areas where movement of resources out of agriculture is deemed best, and
4. Areas to which non-agricultural activities might be attracted.

They would provide authority for the federal Government to participate financially with the provinces and possibly municipalities in approved projects such as reclamation of problematic prairie lands, conservation, irrigation, drainage, diking, marsh land rehabilitation, river erosion and other erosion problems; watershed development, wood-lot management, land clearing, development of community pastures and any other projects for the benefit of an agricultural or wooded area which could include the greater use and development of recreational facilities in the wooded area.

A strong request was made in one presentation that the federal Government investigate the possibility of introducing some financial incentive to private owners to certify land under the "National Tree Farm Movement". This is a voluntary movement with the purpose in mind of encouragement or conversion of poor land in the production of tree crops. At present this is promoted through the Forest Management Educational Program. The major problems involved in the conversion of this class of land to forest use are:

1. The non-productive waiting period for a merchantable tree crop.
2. Land ownership.
3. Lack of credit for the acquisition of a satisfactory forest crop unit.
4. Taxation policies which are largely based on an annual grain crop yield and tend to discourage the production of timber crops.

One main proposal related to the need for a program of supervision for the application of good farm business principles and management in conjunction with more credit of appropriate types. The success of the supervised credit program of the Veterans' Land Administration was cited as a model of assistance to operators of small farms.

Time after time, mention was made of the fine work of the universities and agricultural colleges in providing good scientific and technical knowledge through regular courses and extension work. Some felt that all young farm people contemplating farming as a life occupation should be assisted and even asked to obtain a basic scientific training in agriculture with special emphasis on farm management training.

It was felt that the main gain to the nation from a reduction in the number of former inefficient farms would largely consist in an improvement in levels of living accruing to those making the shift through improvement of income distribution. I might say that on most small farms, outside the commercial type, there is little actual production which would affect the food situation in the dominion. Some increased production in the non-agricultural sector to which the low-income farmers move might be expected. This suggests the need to make sure that the families shifted will really be better off in non-farming employment. Several briefs pointed out that, in general, the best course would be to step up arrangements to train young farm people for skilled work and locate the right sort of jobs for them. Associated with this course of action would be creation of favourable conditions in industry and particularly in decentralization of industry.

One brief suggested a well-planned recreational use of our land and water areas could well provide a pleasant and economically rewarding return for terrain which is definitely submarginal for agricultural purposes. The small-farm operator, through the use of recreational facilities, could supplement his income substantially. Recreational needs are increasing with the growth of the population and the increase in leisure time because of shorter work hours and early retirement.

There was general commendation throughout the briefs of certain federal assistance programs. They specifically mentioned:

1. Federal-provincial fertilizer and lime program.
2. Federal freight assistance on the railroad movement of feed grain.
3. Assistance to Boys' and Girls' 4-H Clubs.
4. Assistance to live stock improvement and promotion of good seed and horticultural development.
5. The building of dikes and aboiteaux and breakwaters under the Marshland Rehabilitation Program.
6. The organization and development of community pastures.

All our provincial Governments have done and are doing a great deal to alleviate and improve the farming sector. Each province is engaged in projects that are worthy of recognition. It was repeatedly stressed, however, that there should be greater co-ordination between federal and provincial Departments of Agriculture in exchange of scientific knowledge and planning. Reference was made to the fine work done in western Canada by the Prairie Farm Rehabilitation Association.

Basic to the solution of the small farm problem is an inventory and assessment of the land resources of Canada. The economic and social problems which arise in the use of land are acute when the capacity of the farm unit is inadequate and unable to adjust to the new situations.

Four recommendations made by this committee during the last session dealt with land use problems. The committee wishes to reaffirm its support of these recommendations in their original form, as follows:

(1) That the soil survey being co-operatively carried out by the federal Department of Agriculture, the provincial Departments of Agriculture and the Colleges of Agriculture be speeded up and expanded not only in order to complete the soil mapping of the whole settled area of Canada, but also of the unsettled areas.

(2) That it be called to the attention of the proper authorities the need of a systematic land use survey based upon appropriate factors to provide for an economic classification of the land according to its use suitability.

(3) That the work of various agencies in the study and management of our water resources be expanded—specifically that work relating to drainage and erosion problems, irrigation, levels of water-tables and present and likely future water requirements.

(4) That more emphasis be given studies which designate requirements respecting farm size, organization and practices according to the physical characteristics of the land and economic conditions which prevail.

In addition to the above, the following recommendations are presented for consideration:

(5) That a special body be instituted to assemble, co-ordinate and arrange for the dissemination to farmers of agricultural research done by the federal and provincial Departments of Agriculture, universities and agricultural colleges, and other research organizations.

(6) That an expanded extension service be inaugurated to deal with active farm planning, sound business principles and farm management for the alleviation of problems of the small uneconomic farm unit. These services are regarded as necessary conditions in the use of credit and the expansion of loans to farmers in the long-, intermediate- and short-term fields.

(7) That provision be made for an expanded program of vocational and technical training in rural areas.

(8) That governmental employment agencies improve and expand their services to facilitate employment of persons from low-income farm areas in off-farm jobs. Associated with this service we would urge the complete listing, categorizing, and reporting of the farm labour supply. A special counselling service should be instituted.

(9) That consideration be given to extension of resettlement assistance to any farmer on a small uneconomic farm wishing to move to another area of employment, after due consideration of the existing farm potential and employment situation.

(10) That this committee request the federal Department of Agriculture to send a delegation to the United States to study and report on the Rural Development Program.

(11) That this committee be reconstituted at the earliest possible date after the opening of the next session of Parliament, due to the great importance of proper land use in Canada.

On motion of Hon. Mr. Bois, debate adjourned.

DIVORCE

AMENDMENT TO RULES

Hon. Arthur W. Roebuck: Honourable senators, I have a small matter which I wish to bring before the house. It has to do with an amendment to our Divorce Rules. It is not very consequential. Honourable senators will probably approve the fact that this session our committee has worked in fine co-operation with the Private Bills Committee of the House of Commons. On a recent occasion we had a get-together that was very fruitful of good thought. The gentlemen from that house pointed out to us that they depend upon the evidence we produce and therefore are interested that we get all the facts that seem to them to be necessary in deciding whether or not a divorce should be granted.

After we had heard the evidence in one particular case the Private Bills Committee of the Commons discovered there had been previous proceedings in connection with the marriage, a fact that had not been divulged to our Senate committee. The Private Bills Committee asked us about this and we replied, through counsel, that there was nothing in our rules requiring a petitioner for divorce to divulge the existence of any previous matrimonial proceedings. However, there is such a provision under the Ontario Supreme Court rules.

Hon. Mr. Aseltine: Also in Saskatchewan, and I think in every province that has a divorce court.

Hon. Mr. Roebuck: That may be. The members of the Private Bills Committee thought it was a lapse on our part that we did not require this information, and we have agreed that it should be made available to us. I

do not know whether it will do much good, but it certainly will do no harm.

The proposed amendment indicates a willingness on our part to co-operate with members of the Private Bills Committee of the House of Commons. I am happy to say we have had the finest co-operation from them during this session. It may have been noticed that our work has been passed by that house almost without comment. This has been due to the *bona fide* careful consideration given to it by that committee, especially by its chairman, Mr. R. J. McCleave.

Honourable senators, I move, seconded by the honourable Senator Golding:

That the Standing Rules and Orders of the Senate of Canada relating to divorce be amended by adding to Rule 139 thereof and inserting after the word "made;" in the third line, on page 10, prior to subsection (h) the following subsection:

"A statement of all previous proceedings instituted with reference to the marriage or to any children thereof, including applications to the Parliament of Canada, petitions and writs for divorce actions, alimony or maintenance, separation from bed and board and the custody or maintenance of any children of the marriage, and the results of any such proceedings; and a statement of any agreements or financial arrangements between the spouses with reference to the marriage or any children thereof."

And that such rule be further amended by striking out the letter (h) in the last line of such Rule and substituting the letter (i) therefor.

If this is passed it will require that in the petition which is sworn to by the petitioner a statement with regard to previous proceedings with respect to the marriage shall be included. I see no reason why this should not be done. As I have said, it could do no harm, and it might do some good; also it would show co-operation by us with our fellow workers in the other house.

Honourable senators, I so move without notice, by unanimous consent.

May I add that I think honourable senators should know that we would not apply that rule until the end of September and that in the interval a circular will be sent to all those who are regular practitioners before our committee, calling it to their attention.

Hon. Mr. Brunt: If it is overlooked by some new practitioner, I assume you will allow him to amend in the first instance?

Hon. Mr. Roebuck: Oh, yes. We do that quite frequently now. For instance, when a plea comes in that adultery was committed at a certain time and at a certain place, and it is proved in evidence that it was at another time or at another place, and thus the respondents have not had proper notice, we never reject the petition, but we allow the solicitors to give notice of a motion to amend. There is now a regular form for that purpose. Then if no reply is given within ten days we allow the motion to amend.

Motion agreed to.

NOTICES OF INQUIRIES

On the notices of inquiries by Hon. Mr. Pouliot:

No. 1.

Each year since 1947, how many applications have been made in Canada for passports by

(a) British subjects;
(b) Canadian citizens;
(c) Citizens of the Commonwealth?

No. 2.

1. Are there any categories of British subjects who are presently living in Canada and who are neither Canadian citizens nor citizens of the Commonwealth?
2. If so, what are they?

No. 3.

What is the amount of each of the fellowships for nationals of foreign countries enumerated in the categories described as 8*a* and 8*b* of the Second Annual Report of the Canada Council?

What is the particular object of each of these fellowships?

Hon. Mr. Aseltine: Honourable senators, I am surprised to find these inquiries on the Order Paper, because I understood that the honourable senator from De la Durantaye (Hon. Mr. Pouliot) intended to make the inquiries next session.

Hon. Mr. Brunt: He is going to make sure of them.

Hon. Mr. Aseltine: I have no objection to the inquiries remaining on the Order Paper, but it may be quite impossible to obtain the answers before prorogation. I suggest that the inquiries stand.

The Hon. the Speaker: The inquiries stand.

SENATE REPRESENTATION ON INTERNATIONAL CONFERENCES

On the Orders of the Day:

Hon. W. Ross Macdonald: Honourable senators, may I refer to the general question of the representation of this house on various delegations that are sent abroad? It will be recalled that some time ago I expressed my opinion that the Senate is not accorded proper representation on many of these delegations. I brought this to the attention of the honourable Leader of the Government (Hon. Mr. Aseltine) and he undertook to bring it to the attention of the Government. I am sure he is getting very good results. In fact, on the delegation to the recent Atlantic Congress there were two members from this house. The honourable senator from Huron-Perth (Hon. Mr. Golding) has reminded me that we had three, but one, the honourable senator from Shelburne (Hon. Mr. Robertson),

went in his capacity as honorary Life President of the NATO Parliamentary Association. I want to express my appreciation to the leader for his interest in that regard.

Honourable senators will also recall that when the question of representation on the Commonwealth Parliamentary Association came up it was pointed out that at the last general meeting of that association the Senate had one representative only. I think it was the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) who reminded us that previously the Senate had had two representatives at the meeting. The honourable senator from Shelburne took part in the discussion and said he felt we should have at least two representatives. He brought this to the attention of Mr. Speaker, and I did also. Honourable senators will be glad to know, I am sure, that Mr. Speaker, as usual, has taken notice of the representations that have been made here and of the wishes of the Senate, and he has succeeded in persuading the Commonwealth Parliamentary Association to appoint two representatives of this body to attend the meeting which is to be held in Australia this year. On behalf of all honourable senators, I wish to express appreciation to Mr. Speaker for his interest in this matter.

CONVENTION ON NATIONALITY OF MARRIED WOMEN

On the order:

Resuming the postponed debate on the proposed resolution moved by Hon. Mr. Hnatyshyn:

Resolved: That it is expedient that the Houses of Parliament approve the Convention on the Nationality of Married Women, done at New York on February 20, 1957, and that this house do approve the same.—Hon. Senator Wilson.

Hon. Mrs. Wilson: Honourable senators, the honourable senator from Sorel (Hon. Mrs. Jodoin) intended to speak after me, but she is not present in the chamber. May I therefore ask to be allowed to adjourn the debate once more?

Hon. Mrs. Fergusson: Honourable senators, this item has been standing on the Order Paper since March 16. I propose to speak on this proposed resolution myself. When I do so I shall give my reason for thinking it should be dealt with as soon as possible, but I do not want to go into that this afternoon. However, I ask the indulgence of the house to have precedence given to this matter when the Orders of the Day are called tomorrow.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Aseltine: I have no objection to that at all.

Hon. Mr. Brunt: Victory for the women!

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

(*See p. 1068*)

REPORT OF SPECIAL COMMITTEE ON LAND USE

Wednesday, July 8, 1959

The Special Committee of the Senate on Land Use in Canada make their second report, as follows:—

I. ORDER OF REFERENCE

The following resolution was adopted on Tuesday, February 17, 1959, by the Senate:—

That a Special Committee of the Senate be appointed to consider and report on Land use in Canada and what should be done to ensure that our land resources are most effectively utilized for the benefit of the Canadian economy and the Canadian people and, in particular, to increase both agricultural production and the incomes of those engaged in it;

That the committee be composed of the Honourable Senators Barbour, Basha, Bois, Boucher, Bradette, Buchanan, Cameron, Crerar, Emerson, Gladstone, Golding, Higgins, Horner, Inman, Leger, Leonard, MacDonald, McDonald, McGrand, Methot, Molson, Pearson, Power, Smith (Kamloops), Stambaugh, Taylor (Norfolk), Taylor (Westmorland), Turgeon, Vaillancourt, Wall and White;

That the committee have power to engage the services of such counsel and technical and clerical personnel as may be necessary for the purpose of the inquiry;

That the committee have power to send for persons, papers and records, to sit during sittings and adjournments of the Senate, and to report from time to time;

That the evidence taken on the subject during the three preceding sessions be referred to the Committee.

A Steering committee was appointed as follows:—The Honourable Senators Pearson, Chairman; Bois, Deputy Chairman; Basha, McDonald, Power, Taylor (Norfolk), Taylor (Westmorland) and Wall.

The scope of the inquiry for this session was confined to a consideration of the problems of the small uneconomic farm unit within the general framework of the subject of land use. The particular plan of the committee was to study the situation respecting small farms and particularly the welfare of the farm family in which full-time work is directed to agricultural production in the hope of attaining an adequate living. The term "small farm problem" was taken to mean the substantial number[1] of farms in Canada whose economic position was believed to be completely unsatisfactory and constituted a public problem; and who could not hope to achieve an adequate standard of living without help and action programs by the governments. The concern thus lies within the context of inadequacy of farm income to provide the amenities of life from the particular farm unit.

[1]The 1951 Census of Agriculture reported 235,117 farms with value of farm products sold in 1950 of $250 to $2499 excluding part-time farms. The 1956 Census of Agriculture reported 120,242 farms as "non-commercial" with potential annual production of less than $1,200. The $1,200 benchmark is believed to represent the lower limit of these farms which provide substantial employment to the operator. While an income of $1,200 is clearly below desirable living standards it does represent a farm unit which has passed the subsistence stage.

II. COMMITTEE PROCEDURE

A procedure was adopted which was similar to that used during the previous sessions of the committee. Witnesses were invited to give reports related specifically to the small farm problem. These included some federal agricultural government officials, the provincial ministers or deputy ministers of agriculture in each province, the leaders of national farm organizations, one provincial cooperative organization and one forest industry association. This approach was taken with the thought in mind of obtaining a national, regional and local picture of the problem. A total of 15 meetings were held at which 17 witnesses were heard. These witnesses were supported by 24 other persons at 7 of these different meetings.

The list of witnesses is shown in the appendix. A total of 469 pages were recorded and published. Other reference material was provided to the committee by the witnesses.

III. REVIEW OF SUBMISSIONS

The evidence presented to the committee showed real concern over the plight of the farmer on small farm units. Public interest in the welfare of small farmers who operate farms on a full time basis and whose farms are too small to provide an acceptable level of living, was apparent. It may be taken as a broad premise, based on the submissions, that there is a general unwillingness to permit levels of material well-being of any individual or group in our society to fall below certain minimum standards, irrespective of the cause. In the interest of fairness and justice, the briefs pointed out, the small farm group as outlined above, although largely outside the framework of the commercial agricultural economy, should be put in the position of sharing in the economic growth of the country. Because of the nature of the problem it should be treated through collective action by governments at all levels and with a public purpose in mind involving ethical as well as pure economic considerations.

More and more people in our society are concerning themselves with human welfare.

(a) *Defining the problem, its extent and location*

The term "small farm" has been used to cover a wide group of farm units. Various terms have been used to describe these farms such as low-income, uneconomic farm units, small scale, part-time, subsistence, residential and others. In the main they are not considered to be in the true commercial class of farms and they produce a relatively small part of our total marketed farm product. These farms are operated by a large group of farmers who for various reasons have been unable to become efficient commercial operators.

In Canada, we have many small farms which form a commercial viewpoint, do not pose any serious problems and which may even represent a desirable type. These include among others (1) part-time farms (those on which the farm income is less than income from other off-farm sources, where the farm income is low and the operator works at other jobs for a substantial part of the year), (2) residential farms and (3) farms operated by elderly persons. These types are often found close to urban centres having alternative employment opportunities, modern transportation facilities and other amenities available to urban dwellers. Major problems in these urban fringe areas are in the field of land use, in maintaining community organizations and related service facilities.

If the *total* income of the farmer and his family, from non-farm employment and from other sources is insufficient for the unusual family needs for a modern level of living, the situation presents important social and economic problems. When these problems persist in any area, slum conditions are evident and result in a wastage of natural and human resources.

The problem of the small farm may be viewed as a consideration of those farms on which the volume of business is usually inadequate to attain the level of living desired by the average farm family. Stated another way, low farm income potential is the critical measure when determining the extent of the small farm problem. The briefs pointed out that size of farm in terms of total acres, acres of cropland, numbers of livestock or any other material measure is not a satisfactory way to identify the problem small farm. The problem has been aggravated by our changing way of life and an ever-increasing content of material needs, by the mechanization and commercialization of our agriculture.

All the evidence presented to the committee indicates that it is impossible with our present knowledge to give a precise answer to the number of problem small farms in Canada and in the different provinces. There are three main reasons for this conclusion. First, there is no general agreement as to what constitutes a minimum acceptable standard of living, second, full information with respect to off farm income, that is income obtained from work off the farm, is not available, and third, statistics are not available in sufficient detail to show the number and location of these farms.

Many witnesses used information from the 1951 and 1956 Censuses of Agriculture to indicate, in a general way, the number of small farms and their location. The censuses give data for Canada, each province and each census division. The measures used were (1) gross value of sales of farm products, (2) value of farm production, (3) capital investment in farms and (4) size of farm in term of acres. Classified on the basis of gross value of sales of farm products (1951 census) these data indicated that 38 per cent of all farms in Canada had sales valued between $250 and $2500 in 1950. These did not include the 10 per cent of all farms which were classed as part-time farms (sales between $250 and $1199, the operator having worked more than 100 days off the farm and farm income was smaller than income from other sources), and the 14 per cent of all farms which were classed as small scale farms and reported value of farm products sold in 1950 of less than $250. Most of the small-scale farms were very small in size. These were classed in the census as farms if the holding consisted of three acres or more or from one to three acres with agricultural production in 1950 valued at $250 or more and if agricultural operations were carried out. These are really not farms at all when considered in the usual sense.

It was pointed out to the committee that the farms having sales between $250 and $2500 (excluding part-time and small-scale farms) constituted the main small farm problem group. In 1950, on a regional basis, they represented 34 per cent of all farms in the Atlantic Provinces; 35 per cent in the Central Provinces; 43 per cent in the Prairie Provinces; and 38 per cent in British Columbia.

An economic classification of farms was included in the 1956 Census of Agriculture. According to this classification 21 per cent of all farms in Canada are non-commercial farms having an estimated potential gross annual value of production of crops and livestock (including farm products consumed in the home) of less than $1200. In all of Canada there were 120,242 of these farms in 1956.

On a provincial and regional basis they made up the following percentages of all farms:

	Number of non-commercial farms	Per cent of all farms
Newfoundland	1,857	78
Prince Edward Island	2,468	26
Nova Scotia	12,945	61
New Brunswick	13,071	59
Atlantic Provinces	30,341	55
Quebec	34,241	28
Ontario	26,786	19
Central Provinces	61,027	23
Manitoba	5,555	11
Saskatchewan	4,487	4
Alberta	7,337	9
Prairie Provinces	17,379	8
British Columbia	11,482	46
CANADA	120,242[1]	21

[1] Includes Yukon and Northwest Territories.

Source: Dominion Bureau of Statistics, Census of Agriculture, 1956.

These figures might be reasonably adjusted slightly upwards in the Prairie Provinces for unprofitable small commercial farms and downwards in areas other than the Prairie Provinces for profitable small commercial farm businesses.

On the basis of these and other data, and taking account of the limitations of the measures, some witnesses concluded that from one third to one half of our farms are too small and do not possess enough resources to produce a satisfactory income to provide a reasonable level of living. The evidence indicated a heavier weighting of small farms most likely in the problem group in sections of the Atlantic and Central provinces. It must be recalled, however, that off-farm sources of incomes are not included in these estimates and in many sections of the country income from the primary industries of forestry, trapping, fur farming, and fishing are of prime importance in addition to urban industrial employment and other income sources. But in any case the magnitude of the problem is of such extent as to involve a large proportion of the farm population.

(b) *Interrelationship of the farm problem with the small farm problem*

The evolution which has been taking place in farming across Canada in mechanization and technology and the application of more capital have resulted in a higher degree of efficiency and more production. This series of changes has led to an increase in size of farm and a drop in the number of workers on the land. The problem of the commercial farmer and the main aspect of the "farm problem" at the present time would appear to be production in excess of the amount that can be sold at prices which is believed to be fair and just. The interest of members of society, as it related primarily to our commercial farmers, is a deep concern for the assurance of a continuous and adequate supply of food and other farm products to meet the consumer's needs. This brings up the need for conservation of soil, water and other natural resources and for continuing research and education with a view to further advances in the field of agricultural technology, and the problems of marketing.

Technological development, however, boils down in essence to fewer farmers and thus the "small farm problem" is a part of the over-all "farm problem". The current view of organized farmers is that the problems of the commercial and the small farm should be treated through a blend of action by third parties such as governments or co-operatives, since the considerations involve moral facets relating to justice and fairness as well as economic factors of material well-being. We do not want to rely on the mechanism of economic forces alone to eliminate or squeeze out the low income farmer for a practical and satisfactory answer to this segment of the problem.

(c) *Cause of the small farm problem*

The small farm problem results from a lag in adjustments in the agricultural sector of the economy. The rapid changes in technology which have taken place in Canadian agriculture have served to enlarge and to make the problems more acute.

The presentation of the Government of the Province of British Columbia lists the most important and basic changes which have accompanied technological advances and mechanization and revolutionized the character of the agricultural economy, as follows:

"(1) the shift from farming as a way of life to farming as a business,

(2) the shift of farming from an art to a science,

(3) change from diversification to specialization,

(4) change from small scale to assembly line character,

(5) a greater responsibility in management,

(6) tremendous increases in operating costs,

(7) changes in farm living standards."

Most of the witnesses mentioned that the basic reason for farms with a small volume of business stems mainly from the inadequacy of agricultural resources. Closely connected with this is the use to which the land is put. This is pointed out in the brief from the Ontario Department of Agriculture in this manner: "There are small farms and a small farm problem in all parts of the province, but it is most acute on the Canadian Shield, and on other high land with rough terrain. This is largely explained by the soils and climate and the limits these place on crops that can be grown". Much of it is the result of settlement policies and patterns established in the past and circumstances beyond the control of farmers. Often there has been a concentration and extension of settlement beyond the possibilities of establishment of economic units.

Modern farming requires a large capital investment in land and equipment as well as fairly large cash outlays for operating expenses. As the usual spread between cost per unit and price per unit is rather small the critical problem of limited output makes the small farm particularly vulnerable because of its low volume of production.

Some briefs point out that part of the problem in many cases is due to poor farming methods and practices, poor planning and management and unawareness of land use capabilities, lack of initiative and limited alternative opportunities. This is really a part of the whole educational problem. In the past probably our extension programs have been aimed too much at the needs of the commercial farmer with respect to production matters and not enough to matters of good farm planning and management.

In some cases small farms persist on the fringe of the agricultural frontier because of the conflict of operator and family labour between agriculture and other primary industries such as lumbering. The need of off-farm employment to obtain enough income for family living and farm development is often at variance with a desirable concentration on farm enlargement. If the physical resources of the area are too poor to permit desirable land use and a satisfactory farm income then this situation might persist for a long time.

The persistence of depressed income conditions on farms which have inadequate income levels leads to inertia, apathy and immobility of farm people and a lack of enterprise and hope. Whenever there is a fairly large concentration of low income farms other economic and social problems develop. The area frequently takes on the characteristics of a slum. The services of the community reflect the situation. School and church facilities are often poor, community life generally suffers and roads and other services are neglected or lacking.

All of the above causes and conditions were mentioned in the presentations to the committee. The briefs indicate also that low-income farms are found to a greater or lesser degree in all sections of Canada. Most of the same causes of small farms are found throughout the country but with different emphasis. One of the presentations from a Maritime Province states: "The persistence of the small farm and its attendant problems can be attributed to a great variety of factors such as size of operation, available land area, soil, topography, capital, management, etc. These factors may appear singly or in combinations, but a definite pattern is difficult to define for, in many cases, one can find prosperous farmers side-by-side with so-called low-income operators". In the case of the Prairie Provinces, one of the briefs states the situation in these terms: "Non-economic units in this Province have stemmed from a number of basic causes. Low average yields (mainly due to moisture limitation), the long freight hauls, the export market, original settlement pattern, lack of adequate capital resources, immobility of labour resources in agriculture and restricted production alternatives are among the more important sources of the problem". One of the witnesses grouped the cause of small farms under three main divisions namely (1) historical, (2) physical and (3) economic. Another Prairie Province witness said: "Problems exist today mainly in the areas where settlers were permitted to settle on land unsuitable for grain production. . . . We contend that farms both in respect to size and land use must bear very definite relationship to the economic conditions and environment of the area in which they are located".

(d) Problem areas

It was pointed out that specific types of small farms can be identified but that one need not be concerned with some of these types. Part-time and residential farms of small holdings, in general, are viewed as desirable types.

In the case of the part-time farms the sale of farm products may not be large. But coupled with a substantial part of the income from off-farm employment and with the quality of country residence, this type is probably a desirable way of life. With decreasing hours of work in industry and the resulting increased leisure and recreational time, this type permits many intangible benefits. These benefits also accrue to small farms which can be classed as residential farms

where the occupants have full time city or town jobs and raise a few farm products purely as a hobby and prefer to live in the country. There are also small farms which are operated by older people in semi-retirement. These farms enable these persons, who probably have farmed all their lives, to remain where they wish and to work at farm tasks at their leisure. They probably have no desire nor any particular need to increase the scale of their operations.

There are others on small farms who wish to have a great deal of independence and at the same time are not concerned about getting the latest conveniences and therefore prefer a small scale operation. Somewhat similar to this type is the small scale farmer who has limited ability and responsibility and is really not capable of operating an efficient unit. For him, the small farm unit provides a desirable place and way to make a living commensurate with his standard.

Because of the high capital requirements in modern day farming, many beginning their farming career must start on a modest scale. If they are established on farms with a fairly high potential productive capacity they can usually be improved through regular channels of assistance to all commercial farmers.

It is the balance of the small farms, (depending on the basis used to determine the extent), which represent full-time or near full-time work and rely on the income from the farm, that constitute the "small farm problem". Another condition of this group relates to the desire of the farm operators to overcome their problems. These might be contrasted with operators of small farms who are unable to operate larger scale farms because of old age, poor health, etc., and those operators who are willing to accept a low standard of living and wish to remain on the farm as a way of life.

The problem of the small full-time or near full-time farms derives from two main causes: (1) low farm income and (2) instability of farm income. In the case of the part-time, residential and other small farms, the problems are sociological and institutional The economic problems are mainly in the industrial employment field. When families and communities making up the small full-time farm group have failed to meet new conditions of mechanization and technology as they occurred and to increase income from the farm or elsewhere, yet stayed on their farms through lack of the means to change or through attachment to their homes, or both, the problem has grown increasingly acute.

(e) Objectives of programs for small farms

There are certain explicit objectives which ran through all the submissions with a high degree of similarity and agreement. These are outlined in one of the presentations as follows:

(1) the improvement of the level of living of farm families on low production farms;

(2) the improvement of the income position of farmers. (This includes income from non-farm sources also.)

(3) the consolidation or integration of small farms into larger and more productive units;

(4) facilitating the transfer of part of the agricultural labor force from agriculture to other occupations;

(5) the maintenance of the family farm;

(6) the maintenance of the rural community;

(7) a better use of both human and natural resources.

Further to these objectives which express the central framework in an over-all program to alleviate the problems of the small farm, several other important objectives were pointed out in the briefs. Some of these objectives are: (1) a satisfactory adjustment in the use of poor lands from agriculture to other uses such as forestry, grazing and recreation. The rigidity of institutional factors and other difficulties in this transfer were pointed up by certain statistical data for Ontario and Nova Scotia on the process of abandonment of farm land and the reverting of land to non-use rather than other appropriate uses. (2) In certain regions of the country, other major land use and occupations such as lumbering, pulpwood cutting, farm woodlots and fishing should be recognized as the best alternative use either in place of or as complementary to agriculture. (3) Help to low income farmers should be offered on the basis of voluntary participation and the final management decisions should rest with the farmer. (4) A co-ordinated federal-provincial set-up should be the basis for action notwithstanding the fact that land and water resources are under the control of each province. The federal government must be concerned with the best use and conservation of these resources since they are basic to the needs of the nation.

There was also general agreement in the belief that rational policies and programs consistent with the objectives, which have been stated, might be organized and developed under at least three divisions. These were stated in one case in the following manner:

(1) better land use

(2) creation of an economic climate designed to facilitate and improve off-farm income and employment conditions

(3) more efficient levels of production on farms remaining in agriculture.

Certain policies and programs designed to meet the needs of the majority of commercial

farmers were not believed to be appropriate to improve the lot of the low income farmer. These included policies relating to price support, crop insurance, marketing, extension of agricultural production information and the usual formal types of credit. Thus, most briefs stressed the need of new or particular types of programs aimed directly at the low income farm. It was also stressed repeatedly that the problems of the low income farmer could not be met by any one program or administration. In addition to the need for federal and provincial co-operation, as has been mentioned, many types of services and separate administrations would be involved. The main need would be flexibility of policies and programs adaptable to co-ordination of effort, continuous research, study and service, and any particular needs of each province.

(*f*) *Solutions proposed*

The need for the development of a national land use policy was probably the most frequent and strongly advocated proposal. As a prerequisite, the conducting of land use surveys to provide the information on the best uses of specific areas of land and on problems or prospective problems arising from existing use was stressed. These would enable the study of proper use of land by local land use committees and an economic classification of land for alternative uses of poor lands. These studies would determine: (1) areas which should continue in agricultural production, (2) soil and water conservation, drainage and other types of development measures in which the expenditure of public funds is justified by economic conditions, (3) delineation of areas where movement of resources out of agriculture is deemed best and (4) areas to which non-agricultural activities might be attracted. This practice of having local people study their conditions and decide on the solutions is understood to be the basic philosophy of the Rural Development Program in the United States. Members of the committee expressed keen interest in this program and would like to obtain information on it. It might provide valuable guides to an appropriate program in Canada.

Most briefs envisaged federal enabling legislation followed by federal-provincial action programs. Federal enabling legislation mentioned was a "Rural Planning and Development Act"; a "National Land Use Act"; a "National Soil and Water Conservation Act"; and a "Federal Conservation and Reclamation Act". Most had in mind an Act of sufficient flexibility that it could be applied to any section of Canada, followed by complementary provincial legislation and a co-operative program of land use. It would be accompanied by some means of financing to help the small farms. The proposed legislation would include the work of the present Prairie Farm Rehabilitation and Maritime Marshland Reclamation Administrations. It would provide authority for the federal government to participate financially with the provinces and possibly the municipalities in approved projects, such as reclamation of problematic prairie lands, conservation, irrigation, drainage, dyking, marshland rehabilitation, river erosion and other erosion problems; watershed development, wood-lot management, land clearing, development of community pastures, and any other project for the benefit of an agricultural or wooded area.

One possibility of speeding up the process of land use adjustment was suggested in the brief from the Ontario Department of Agriculture. Reference to this was made as follows: "Land purchase for forestry or grazing with older operators given the right to sell and still live out life span on the farm". It is understood that this method is available in the State of New York.

In the area of land use policy, a strong request was made in one presentation to investigate the possibility of the federal Government introducing some financial incentive to private owners to certify land under the National Tree Farm Movement. This is a voluntary movement with the purpose in mind of encouraging the conversion of poor agricultural land to the production of tree crops. At present this is promoted through a forest management educational program. The major problems involved in the conversion of this class of land to forest use are: (1) the non-productive waiting period for a merchantable tree crop, (2) land ownership, (3) lack of credit for the acquisition of a satisfactory forest crop unit, and (4) taxation policies which are largely based on an annual grain crop yield base and tend to discourage the production of timber crops.

Another main proposal related to the need for a program of supervision or the application of good farm business principles and management in conjunction with more credit of appropriate types. Traditional credit services have proven inadequate to meet the need of farmers with limited resources. Some witnesses pointed out that the only farmers who can get credit are the ones who need it the least.

Many briefs mentioned the lack of sufficient credit to small continuing farmers with which to finance desired expansion or adjustment. Increased activity by provincial credit agencies in recent years is a reflection of the desire on the part of small uneconomic farm units to expand the scope of their operations. In

the case of loans for short duration favourable comment was made of the Farm Improvement Loans Act. The expansion of loaning in recent years under the Canadian Farm Loan Board was noted. But stringent features of the Canadian Farm Loan Board came in for a lot of criticism. One particular matter was the lack of recognition of the Board of the role of the farm wood-lot as a source of increased farm income under a program of forest management. It was said that "little account was taken of the woodlots as a source of possible annual revenue or as a considerable factor in appraising the soundness of the over-all (farm) operation".

The success of the supervised credit program of the Veterans' Land Administration was cited as a model of assistance to operators of small farms. Guides and conditions were proposed in some briefs. These included: (1) careful selection of applicants, (2) a sufficient amount of credit to lift the status of a low income farm to an economic sized unit with adequate annual income, (3) provision of competent planning and supervisory services, (4) repayment provisions with flexibility related to the inherent productive capacity of the expanded farm.

The provision of supervised management is part of a general maintenance and improvement in the educational process which needs to be stressed in a program for farm people. Time after time mention was made of the fine work of the universities and agricultural colleges in providing good scientific and technical knowledge through regular courses and extension work. Some felt that all young farm people contemplating farming as their life occupation should be assisted and even asked to obtain sound basic scientific training in agriculture. Special emphasis was laid on the need for farm management training. Present-day farming requires technological and economic knowledge in order to operate successfully.

Associated with the need of scientific knowledge for farm people, most witnesses stressed the need for more research. Most emphasized the need for more economic studies in the production and marketing of agricultural products, establishment of the economic size of farm business, rural zoning, type of farming, rural re-organization and adjustment, rural-urban migration and many other areas. It was stressed in most briefs that research information now available at the universities and the federal and provincial departments of agriculture should be co-ordinated.

In the creation of an economic climate designed to facilitate and increase off-farm income and employment conditions, a number of proposals were made. Since low income farms produce so little for sale, the consolidation of these farms and the displacing of farm families would not materially affect the output situation and surpluses. It would not be sufficient to offset to any extent the continuing surge in output per acre, per animal unit and per worker. The main gain to the nation of a reduction in the number of small inefficient farms would largely consist of an improvement in levels of living, accruing to those making the shift, through improved income distribution. Some increased production in the non-agricultural sector to which the low income farmers move might be expected. This suggests the need to make sure that the families shifted are really better off in non-farm employment.

One witness said that "most of the young people are leaving the farm but the parents are remaining. Many of these people are reluctant to leave because they feel that they have insufficient qualifications for employment other than farming." Several briefs pointed out that, in general, the best course would be to step up arrangements to train young farm people for skilled work and locate the right sort of jobs for them. This would accompany a policy of leaving many families on present small farms as part-time or even residential farms, certainly in the case of older farm operators.

Associated with this course of action would be the creation of favourable conditions in industry and particularly in decentralization of industry so as to encourage people to move off the farm. In the case of part-time farms, off-farm employment would be a means of supplementing their farm income.

Proposals to increase off-farm income and employment require opportunities for jobs and informational and educational aids. Types of assistance in this regard, which may be on either a full time or part-time basis, were stressed in all the presentations. These types of assistance were:

(1) encouragement to industry, to establish in rural communities to provide off-farm employment opportunities. This would allow some family groups to remain intact in their familiar environment. This type of development is important from the standpoint of the employer who depends on a seasonal labour force. If the industry fits in with favourable local features and the employment does not conflict with the main seasonal farm tasks, these complementary undertakings can yield satisfactory livelihoods for many families.

(2) provision of vocational and technical training in rural areas to improve the skills of farm people and increase their chance of finding better industrial jobs. This program might

be provided along the same lines as current vocational courses in agriculture.

(3) expansion and improvement of present employment services in rural areas which would inform low income farmers and their families of all employment opportunities. The labor supply on these farms might also be more regularly reported and categorized.

(4) special assistance or settlement compensation to help farm families move to appropriate employment areas. Financial assistance might be provided for part of the familiarization period and for counselling.

Other suggested aids include: (a) development of a community planning program by all sections of the community such as business, schools, churches, farms, financial, etc., to assist people out of agriculture, and (b) unemployment insurance for farm workers to provide added income security.

Some presentations indicated that the recreational aspect of land use has not been seriously investigated and developed in Canada. The brief from the Department of Agriculture and Marketing in Nova Scotia referred to the commercial value and use of certain grades of land, which is appropriate in many areas, in this manner: "Well-planned recreational use of our land and water areas could well provide a pleasant and economically rewarding return for terrain which is definitely submarginal for agricultural purposes.... The small farm operator, through the use of recreational facilities, could supplement his income substantially." The increasing need for a rational appraisal of the growth in population, the basic shifts of age groups within the population, the increase in leisure time because of shorter work hours and earlier retirement, increased urbanization and improved transportation facilities.

Two briefs suggested that there should be a national agency or special federal authority to deal specifically with the small farm problem, to study its implications and evolve a policy by which adjustments could be carried out. In one case, this national agency was proposed in conjunction with a federal administration which would deal directly with existing problems of the use and conservation of our land resources. Here the national agency would deal primarily with the economic and social aspects of the small farm problem rather than the technical. It was stated in the other brief that the primary function of the special authority would be development and rehabilitation, which intimates a combination of both functions of the two separate administrations proposed in the first brief.

Both briefs implied federal-provincial co-operation in a program, flexible in nature and adaptable to the needs of each province; access to financial resources; a centre for achieving co-ordinated federal-provincial action and gathering of information; facilities and staff to undertake research in the economic and social phases of the problem; and active participation with inter-departmental and advisory committees. In the case of Nova Scotia, the Minister of Agriculture and Marketing suggested that.... "A development program might be started in northern or eastern Nova Scotia on a restricted scale as a pilot program".

There was general commendation throughout the briefs of certain federal assistance programs which have been in operation for varying periods of time. Presentations from the Maritime Provinces mentioned specifically (1) the federal-provincial fertilizer and lime program (2) federal freight assistance on the railroad movement of feed grain (3) the assistance to boys' and girls' 4-H clubs (4) assistance for live stock improvement and promotion of good seed and horticultural development (5) survey, engineering and construction of the main protective works of dykes, aboiteaux and breakwaters under the Marshland Rehabilitation program, and (6) of more recent date, the organization and development of community pastures.

In Quebec, in addition to mention of the federal freight assistance on western feed grains and the excellent demonstration work of the Experimental Farms and Illustration Stations (now Research Branch), special reference was made to the provincial programs of the "Better Farming Competition" and the Drainage Service.

Reference was made to the fine work done in western Canada by the Prairie Farm Rehabilitation Administration. This included all the phases of the program such as small and large water project developments, land utilization projects, particularly the removal of lands unsuitable for cultivation and their development as community pastures for live stock production, and the resettlement of farmers from drought areas. The financial assistance provided to western farmers under the Prairie Farm Assistance Act was cited as a means to assure a minimum income to meet pressing expenses in years of crop failure.

In summary, general agreement was evidenced by provincial bodies in these and other federal policies and measures which contribute directly or indirectly to better conservation and use of land and to improvement in farm income. Provincial bodies not only wish them to be maintained but to be enlarged and expanded to increase the efficiency of production and incomes of those

wishing to remain on farms, and to aid in the transfer of the underemployed farm people to industry.

IV. RECOMMENDATIONS

The conditions which are common to small or low-income farms have been set out in this report from information presented to the committee by organizations and individuals with a wide knowledge of the problems. These conditions are many and varied.

Basic to the solution of the small farm problem is an inventory and assessment of the land resources of Canada. The economic and social problems which arise in the use of land are acute when the capacity of the farm unit is inadequate and is unable to adjust to new situations. Considerable progress has been made in the classification of soils for agricultural purposes and the inventory of forested areas in Canada. In these and other important work, the federal Government has participated with the provinces.

Four recommendations made by this committee during the last session dealt with land use problems. The Committee wishes to reaffirm its support of these recommendations in their original form as follows:

(1) That the soil survey being co-operatively carried out by the federal Department of Agriculture, the provincial Departments of Agriculture and the colleges of agriculture be speeded up and expanded not only in order to complete the soil mapping of the whole settled area of Canada, but also of the unsettled areas.

(2) That it be called to the attention of the proper authorities the need of a systematic land use survey based upon appropriate factors to provide for an economic classification of the land according to its use suitability.

(3) That the work of various agencies in the study and management of our water resources be expanded,—specifically that work relating to drainage and erosion problems, irrigation, levels of water-tables and present and likely future water requirements.

(4) That more emphasis be given studies which designate requirements respecting farm size, organization and practices according to the physical characteristics of the land and economic conditions which prevail.

In addition to the above, the following recommendations are presented for consideration:

(5) that a special body be instituted to assemble, co-ordinate and arrange for the dissemination to farmers of agricultural research done by the federal and provincial Departments of Agriculture, universities and agricultural colleges, and other research organizations.

(6) that an expanded extension service be inaugurated to deal with active farm planning, sound business principles and farm management for the alleviation of problems of the small uneconomic farm unit. These services are regarded as necessary conditions in the use of credit and the expansion of loans to farmers in the long, intermediate and short-term fields.

(7) that provision be made for an expanded program of vocational and technical training in rural areas.

(8) that governmental employment agencies improve and expand their services to facilitate employment of persons from low-income farm areas in off-farm jobs. Associated with this service we would urge the complete listing, categorizing, and reporting of the farm labor supply. A special counselling service should be instituted.

(9) that consideration be given to extension of resettlement assistance to any farmer on a small uneconomic farm wishing to move to another area of employment, after due consideration of the existing farm potential and employment situation.

(10) that this committee request the federal Department of Agriculture to send a delegation to the United States to study and report on the Rural Development Program.

(11) that this committee be reconstituted at the earliest possible date after the opening of the next Session of Parliament due to the great importance of proper land use in Canada.

All of which is respectfully submitted,

ARTHUR M. PEARSON,
Chairman.

APPENDIX

List of Witnesses Appearing Before the Special Committee of the Senate on Land Use in Canada

1959 SESSION

Printed Proceedings No. 1

CANADA DEPARTMENT OF AGRICULTURE

Dr. J. F. Booth, Director, Economics Division.

Printed Proceedings No. 2

CANADA DEPARTMENT OF AGRICULTURE

Dr. J. G. Taggart, Deputy Minister; Dr. J. F. Booth, Director, Economics Division; Dr. M. E. Andal, Chief, Production Economics Section, Economics Division.

Printed Proceedings No. 3

CANADIAN AGRICULTURAL ECONOMICS SOCIETY

Dr. M. E. Andal, President; Dr. W. E. Haviland, Vice-President. Professor P. A. Wright, Executive Member.

Printed Proceedings No. 4

PRINCE EDWARD ISLAND DEPARTMENT OF AGRICULTURE

The Honourable Eugene Cullen, Minister.

Printed Proceedings No. 5

ONTARIO FOREST INDUSTRIES ASSOCIATION

Mr. Gordon Godwin, Director; Professor D. V. Love, Mr. J. B. Matthews, Mr. J. W. McNutt, Past-President; Mr. D. R. Rogers, Director; Mr. C. R. Mills, Manager; Mr. S. F. Rook, Vice-President.

Printed Proceedings No. 6

INTERPROVINCIAL FARM UNION COUNCIL

Mr. Ed. Nelson, Vice-President and President of the Farmer's Union of Alberta; Mr. James Patterson, Director of Public Relations.

SASKATCHEWAN DEPARTMENT OF AGRICULTURE

The Honourable I. C. Nollet, Minister; Mr. W. H. Horner, Deputy Minister, Mr. Grant Mitchell, Research Economist.

Printed Proceedings No. 7

LA COOPÉRATIVE FÉDÉRÉE DE QUÉBEC

Mr. Adelard Bellmarc, President; Mr. Omer Deslauriers, Vice-President; Mr. Raynald Ferron, General Manager; Mr. Roger Perreault, Economist.

ALBERTA DEPARTMENT OF AGRICULTURE

The Honourable L. C. Halmrast, Minister.

Printed Proceedings No. 8

CANADIAN FEDERATION OF AGRICULTURE

Dr. H. H. Hannam, President; Mr. J. M. Bentley, 1st Vice-President; Mr. Jean B. Lemoine, 2nd Vice-President; Mr. E. A. Boden, Director, Saskatchewan Wheat Pool; Mr. C. R. Belyea, Economist, Ontario Federation of Agriculture; Mr. Roy Grant, Secretary, Maritime Federation of Agriculture; Mr. J. M. Johnson, Director, C.F.A.; Mr. L. Laventure, Executive Member, Ontario Federation of Agriculture; Mr. J. Ferguson, Past President, Ontario Federation of Agriculture; Mr. Kirk, Secretary, C.F.A.

NOVA SCOTIA DEPARTMENT OF AGRICULTURE AND MARKETING

The Honourable E. D. Haliburton, Minister.

Printed Proceedings No. 9

BRITISH COLUMBIA DEPARTMENT OF AGRICULTURE

The Honourable M. P. Steacy, Minister.

NEW BRUNSWICK DEPARTMENT OF AGRICULTURE

Mr. R. D. Gilbert, Deputy Minister.

Printed Proceedings No. 10

MANITOBA DEPARTMENT OF AGRICULTURE AND CONSERVATION

The Honourable E. F. Willis, Minister; Mr. L. B. Kristjanson, Extension Economist; Mr. J. Parker, Director, Soils and Crops Branch.

Printed Proceedings No. 11

ONTARIO DEPARTMENT OF AGRICULTURE

Dr. H. L. Patterson, Director, Farm Economics and Statistics Branch; Dr. N. R. Richards, Head, Department of Soils, Ontario Agricultural College.

THE SENATE

Friday, July 17, 1959

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

Prayers.

DOCUMENTS TABLED

Hon. W. M. Aseltine: Honourable senators, I table the following documents:

Exchange of notes between the Government of Canada and the Government of the United States of America governing the establishment of an integrated communications system to support Ballistic Missiles Early Warning System, signed at Ottawa, July 13, 1959. (French text).

Agreement between the Government of Canada and the Government of Japan for co-operation in the peaceful uses of Atomic Energy with a Protocol and agreed Minutes, signed at Ottawa, July 2, 1959. (French text).

Report of Canadian Overseas Telecommunication Corporation for the year ended March 31, 1959, pursuant to section 23 of the Canadian Overseas Telecommunication Corporation Act, Chapter 42, R.S. 1952, together with the report of the Auditor General relating thereto, pursuant to section 22 of the said Act. (English text).

CONVENTION ON NATIONALITY OF MARRIED WOMEN

RESOLUTION OF APPROVAL

The Senate resumed from Tuesday, July 14, the adjourned debate on the motion of Hon. Mr. Hnatyshyn:

Resolved: That it is expedient that the Houses of Parliament approve the Convention on the Nationality of Married Women, done at New York on February 20, 1957, and that this house do approve the same.

Hon. Cairine R. Wilson: Honourable senators, the few remarks I intend to make have been postponed so often that I have no doubt you will expect a speech from me that is a masterpiece. I am equally confident that you will be sorely disappointed.

Certainly in the past forty years we have seen many changes and improvements in the status of married women. In my native province women were once classed with inmates of mental institutions, minors and Indians, and not permitted to vote even in municipal affairs. I well remember my astonishment when ownership of a property in Montreal West registered in my name did not qualify me to vote; the voting papers used to be sent to my husband, a lifelong resident of Ontario. It was not very long after this incident that through the efforts of five courageous women of Alberta, women were declared by the Judicial Committee of the Privy Council at Westminster to be persons, and, therefore, eligible for appointment to the Senate of Canada. It was thanks to these efforts and the support of the Right Honourable Ernest Lapointe, then Minister of Justice, that I was named a senator in 1930. During that year and the following year many women's organizations and individual women strongly urged that Canada should sign and ratify the Hague Convention.

On July 8, 1931 the Honourable W. B. Willoughby, then Government Leader in the Senate, moved the second reading of Bill 3, an Act to Amend the Naturalization Act. I will quote from the report at page 388 of the Senate *Hansard* of that date:

Hon. W. B. Willoughby: Honourable members, I have little or nothing to add to what I said to you when this bill was called before. The object of the bill is to bring our legislation into conformity with the Hague Convention, which, I believe, is going to be applied to all the British dominions. This measure, like most Naturalization Acts, has to do with the status of the wife and how she may acquire or how she may lose her rights, which became very insecure in this country by reason of the Cable Act, passed in the United States a few years ago. The provisions of the bill are very simple, and deal with the nationality of the wife in case of marriage to a foreigner.

Hon. Raoul Dandurand: Honourable members, I am really sorry that the honourable member for Rockcliffe (Hon. Senator Wilson) is not in her place to extend her congratulations to the Canadian Parliament and the Hague Conference upon having given women a more dignified status. Heretofore, in the matter of nationality, the wife has had to follow the whim of her lord and master, being obliged to accept his nationality. He might leave one country, go to another and ask for letters of naturalization there; then, after some years, he might come back and resume his original nationality. The nationality of the wife changed with that of her husband.

Hon. Mr. Willoughby: She is now a person.

Hon. Mr. Dandurand: Now she is a person and has full control of her own nationality. I am speaking not only on behalf of women, but on my own behalf as well. I have always felt that they should have the right to decide under what flag they would live and to what country they would bear allegiance.

The Honourable Senator Dandurand was always a supporter of women in this chamber and everywhere else. However, the women in the province of Quebec were in a very anomalous position, for since 1921 they could vote in a federal election but they were not permitted to vote in elections of the provincial legislature. But our late regretted colleague the Honourable Senator Godbout, immediately after his election as Premier of Quebec, fulfilled a promise that he had made to the women of his province and brought in a measure granting them the right to vote.

Prior to the passing of the Canadian Citizenship Act, of which the honourable senator from De la Durantaye (Hon. Mr. Pouliot) has spoken in such glowing terms, in many cases Canadian women married to aliens, even to citizens of the United States,

found themselves without a country. I think we in Canada felt that the Canadian Citizenship Act was long overdue. I know that even the late Chief Justice Anglin, on returning from trips abroad, insisted upon signing himself "Canadian" on the forms demanded for re-entry into Canada. However, I feel this protest was not recognized by our citizenship authorities.

I had the honour to be named a delegate from Canada to the Fourth General Assembly of the United Nations in 1949, and there I met Mrs. Begtrup who then represented her country, Denmark, in Iceland, and who was the first chairman of the Status of Women Committee. Mrs. Begtrup told us of one or two rather amusing instances in which women had not quite their full rights. At a banquet a woman who had worked very hard for a certain cause found herself seated at one of the side tables, while the wives of the male representatives were at the head table. One of the women said "I know I should not be here, but after all I deserve some privileges on account of being married to Sir George." In her own case Mrs. Begtrup mentioned that her husband who had occupied a much more important diplomatic post than she, was always put at a lower table in Iceland.

Canadian women's organizations have repeatedly petitioned that Canada appoint a representative to the Status of Women Committee. But this was not brought about until 1957. The present resolution with respect to the nationality of married women was signed by Mrs. Ann Shipley in 1957. I am surprised that so fine a document should have encountered so much difficulty and delay in ratification. I am delighted to lend any support I may have to the ratification of this resolution.

(Translation):

Hon. Mariana B. Jodoin: Honourable senators, I agree with the statement of the honourable senator from Rockcliffe (Hon. Mrs. Wilson) concerning woman's right to preserve her own nationality upon marriage. This being the first time I have had the opportunity of addressing this house during this session, allow me to congratulate both the mover and the seconder of the Address in reply to the Speech from the Throne, and to pay my tribute to our Speaker, and to our two leaders. Furthermore, I should like to welcome the new colleagues we have had the honour of receiving among us during this session. We all know that those new senators have, like ourselves, no particular axe to grind, and will be concerned solely with the interests of all Canadians.

In 1947 the United Nations, after considering the problem of the nationality of married women, recommended that they be allowed to preserve their own nationality, and that children born of such marriages should be free, on reaching majority, to elect the nationality of their mother, thus establishing their legal status.

The Secretary General of the United Nations has supplied detailed information, based on data obtained from countries that have prepared statistics on the subject. On February 20, 1957, the resolutions introduced on January 29, 1957 by the General Assembly of the United Nations were submitted for ratification by the member states of that organization. On June 1, 1957 fifteen states, including Canada, had signed them. Mr. Robert Mackay, permanent representative of Canada, and Mrs. Ann Shipley, ex-member of Parliament, both signed the document on behalf of Canada.

We are pleased to note that Canada has signed this agreement, since in some countries some privileges are granted to men which are not granted to women. Each step made by women toward equality of legal status with men leads to better understanding between both sexes.

The spirit of this convention is generous, since, under its terms, a married woman may acquire the nationality of her husband, for particular reasons or in special circumstances.

In debates on the matter it was noted that, in many countries, the right to a specific nationality constitutes one of the most serious problems in relation to the legal status of married women. In some countries a woman who marries an alien is automatically deprived of her nationality, and an alien woman who marries a national of one of those countries acquires the nationality of her husband.

The convention also applies if the husband changes his nationality in the course of his married life.

In most signatory countries that general principles applies, subject to certain exceptions and reservations, such as the right of option granted to the woman in some circumstances. It will be noted that any legislation concerning nationality has a tendency to emphasize the national status of woman.

That is why I thoroughly approve the motion.

The question of married women's nationality prompts me to deal with the provisions of the Civil Code of the province of Quebec in respect of women's rights.

It is with some apprehension that I venture upon this ground because I know that, just at this time, eminent jurists are studying the

deficiencies of that Civil Code which, from certain points of view, is obsolete and does not meet the requirements of modern life.

As far back as 1907 the National Women's Federation of St. John the Baptist drew the attention of our lawmakers to the deficiencies of the Quebec Civil Code.

In 1914 the Federation asked Sir Lomer Gouin, Prime Minister of the province of Quebec, who was the distinguished father of the Honourable Senator L. M. Gouin, to appoint a government commission to revise our Civil Code, and the organization reiterated this request to the Honourable Alexandre Taschereau, who asked that a definite program be set up. The Honourable J. H. Dillon, member for Montreal-Ste-Anne, introduced a bill to this effect in the Legislature.

On second reading in the Quebec Legislature the bill was referred to the committee on public bills, where it was explained by Mrs. Marie Gérin-Lajoie, President of the National St. John the Baptist Federation. The arguments brought forward were such that the Honourable Alexandre Taschereau suggested the creation of a government commission to which a bill to that effect would be submitted the following year. This opened the door to real progress. The ladies had the Married Women's Salary Act passed, and women were admitted as trustees and members of family councils.

In 1954 Mrs. N. M. Holmes, B.A., B.C.L., and Mrs. J. C. Gilchrist, B.A., B.C.L., published a book dedicated to married women in the province of Quebec, in which women were offered a solution which would clarify their legal status and discussing the advisability of bringing up to date legislation concerning women.

According to the Quebec law, a woman married under the system of community property may neither sign a lease, nor buy any property in her own name, nor sell such property, nor buy an insurance policy in favour of her husband without the latter's signature. She has no power to authorize her child's admission to a hospital. The problem becomes even more serious when the husband is away, and when a matter of life and death is involved. A woman should be entitled in such cases to take the emergency steps required. Restrictions imposed by the Civil Code could often affect the happiness of a married couple, especially when the woman has more initiative and is more practical-minded than her husband.

My husband often told me that it is a very delicate and sometimes even dangerous thing to tamper with a section of the Civil Code, which is the basis of our laws. But that Code is based on old French law, which was excellent in its time but is obsolete in our day. This law did not discriminate against women solely on account of their sex, because unmarried women and widows enjoy every right granted to men. Only married women do not enjoy such rights. In the province of Quebec anyone may sign a contract, except minors, judicially disabled persons, the feeble-minded, the mentally ill, and married women.

Does that mean that marriage deprives us of our skills and qualities? Yet women have long proved that they can rise to the great aspirations developed by modern times. They have proved that, without neglecting their everyday family tasks, they can get even closer to a man's heart if they take a more active part in the administration of their common affairs.

They have also proved that in all professional, scientific, political and administrative fields, they can hold their own. There is a world association of women executives with a membership of 5,000,000. We have a branch of this organization in Montreal, which was founded by Mrs. Flore Jutras, an insurance broker, who has met with outstanding success in her profession. There are now 1,346,000 women workers in Canada, and this includes 43,370 executives. Such figures speak for themselves. Those women from every province, who have been successful in every sphere of human activity (and let us not overlook some outstandingly successful women in the province of Quebec, such as Mrs. Jutras) deserve to be helped in their efforts to bring about some needed amendments to the Civil Code.

A woman can often go to court if she finds that her interests are being encroached upon, but this is always a source of difficulties. A marriage contract may involve all kinds of stipulations, and it is the separate maintenance contract that works to the best advantage of a married woman, because under such a contract she can manage her property, though she may neither sell nor remove nor accept such property without her husband's authorization.

However, there has been some progress, because in 1931 an amendment was made to the Civil Code by the Quebec Legislature giving women absolute control over savings they have earned by their own work, and over property acquired from such savings.

In closing, I will quote the following resolutions adopted by the United Nations and which could inspire the legislators when they revise the Civil Code of the province of Quebec:

To ensure equality of rights and duties for husband and wife in family affairs;

To ensure to married women full civil capacity, the right to work outside the home, the right to acquire, to administer, to alienate property and to possess them with the husband on an equal basis; (July 23, 1953)

To guarantee married women the right to choose an independent profession, to exercise it and to manage the revenue of her labour and to dispose of it without having to obtain her husband's approval. (July 12, 1954)

Our lawmakers must take into account the requirements of modern life, in order to ensure the adoption of laws that are practical and in accordance with present conditions.

I know that our lawmakers will use all their wisdom improving the lot of married women, and that, by doing so, they will contribute to the welfare of their own country. I count absolutely on honourable senators to encourage us.

Hon. Mr. Vaillancourt: *Vive la femme!*

(Text):

Hon. Muriel McQ. Fergusson: Honourable senators, the convention that is before us for ratification today has been well explained by the mover of the motion, the honourable gentleman from Saskatoon (Hon. Mr. Hnatyshyn), and it has now received able support from the honourable senator from Rockcliffe (Hon. Mrs. Wilson) and the honourable senator from Sorel (Hon. Mrs. Jodoin).

As the mover stated, this convention is the product of years of study, research and much hard work by the Economic and Social Council of the United Nations, by the International Law Commission of the United Nations, and particularly by the Commission on the Status of Women, which is a subsidiary of the Economic and Social Council.

The convention has been explained so well by the honourable senator from Saskatoon that it is not necessary for me to go into the particulars of it. However, I would like to tell you about the Commission on the Status of Women. The function of the Commission on the Status of Women is to prepare for the Economic and Social Council, which is perhaps more familiarly or generally known as ECSOC, reports and recommendations on the position of women throughout the world in the political, economic, social and educational fields. Since the Commission on the Status of Women held its first session, in 1947, among its work it has given very high priority to the problem of the nationality of married women and to finding some way of recognizing and safeguarding the rights of women so that no unmarried woman should be in danger of becoming stateless through entering into marriage and no married woman would be in danger of becoming stateless through dissolution of her marriage or because her husband had changed his nationality while the marriage was in existence.

This commission is made up of 18 members, who according to established custom are women. These women are very knowledgeable about the status of women throughout the world and are well aware of the conflicts of laws regarding the nationality of married women, laws which have been and in some countries still are causing hardship to many women. The members of this commission include some of the world's outstanding authorities on the status of women. Ranking very high among them is Mrs. Agda Rossel of Sweden, who was appointed permanent delegate to the United Nations from her own country and was the first woman ever to be made a permanent delegate to the United Nations. She is also Sweden's representative on the Status of Women Commission. Mrs. Rossel had been a member of the commission for some time before she became chairman, and she was chairman of the commission in 1957 when the convention came before the General Assembly for approval. Honourable senators, I mention Mrs. Rossel because, as you will recall, she visited Canada in 1956 as Acting President of the International Congress of Business and Professional Women's Clubs which was meeting in Montreal at that time. Many honourable senators will, I am sure, remember that one afternoon in July 1956 when we came back from a weekend recess we found that these 1,200 women who were meeting in Montreal had come by special train to Ottawa to see Canada's capital, of which they had heard a great deal. I know that some of you met them on that occasion. These 1,200 delegates came from twenty different countries. They were entertained by the missions from their own countries, and were also given other entertainment. They toured the city and were highly impressed with our beautiful Parliament buildings. I mention this because the Acting President of the group was also the Chairman of the Status of Women Commission when this convention was approved. I would like to read what Mrs. Rossel, as Sweden's permanent delegate, said in the General Assembly when the matter came up for consideration:

Today, with the presentation to the General Assembly of a convention on the nationality of married women—a convention designed to eliminate one of the great sources of discrimination against women—we see the culmination of many years of work by the Commission on the Status of Women.

She also said:

This convention provides that the woman shall not, upon marriage to a person of a different nationality, automatically lose her own nationality, whether she wishes to or not. This automatic loss

of nationality has given rise in the past to many injustices. For the woman who wishes to take her husband's nationality, special privileged procedures are provided in the convention, but this choice will be exercised by the woman because it is her expressed wish, and not because the law has arbitrarily deprived her of her own nationality.

Another outstanding member of the Commission on the Status of Women is Madam Marie Helene Lefaucheux, of France. She is now President of the International Council of Women, which has affiliated with it National Councils of Women in 30 countries, including Canada. This group also came to Montreal to hold a congress in 1957, at which time Madam Lefaucheux was elected President. The National Council, as you may know, in many countries is often referred to as the Parliament of Women. In 1957, when the International Council of Women met in Montreal, our Parliament was not in session, but, following the example of the Congress of Business and Professional Women, they too came to Ottawa and visited the Parliament Buildings. I have mentioned two outstanding women of the 18 members of the commission because they had some connection with Canada, but there are others who are equally distinguished in their own countries. These two women I have referred to, however, have attained international recognition. One group which they lead is composed of representatives from 20 countries, and the other of representatives from 30 countries.

Honourable senators, after Canada had expressed, through our then Secretary of State for External Affairs, its willingness to act on the Commission on the Status of Women, Canada was elected a member of the commission, in May 1957. At the first meeting following Canada's election, which was held in Geneva, Switzerland, in March 1958, Canada was represented by Mrs. Harry Quart, O.B.E., of Quebec City, who again represented Canada at the 1959 meeting of the commission in New York, in March this year.

To go back to the history of the convention, I may say that in 1947 at the request of the Economic and Social Council of the U.N., the Secretary General of the United Nations sent a questionnaire to all member nations regarding legal systems and conflicts of law in the field of the nationality of married women, and according to an analysis which was based on replies to this questionnaire and some supplementary research it appears that regarding the nationality of married women three main systems prevail in the world today.

First, the nationality of the wife follows automatically the nationality of the husband, with no exceptions. This was the law in Canada until 1932, and it often caused hardships. There were many Canadian women who while living in Canada married aliens, lost their British nationality arbitrarily and became aliens, even though they never set foot outside Canada. There were some cases where, on marrying an alien, they did not assume the nationality of their husband but they did lose the nationality which they had before marriage and therefore they became stateless.

Under the second system the nationality of the wife follows automatically the nationality of the husband, subject to the requirements of the law of the other country concerned, in order to avoid statelessness and double nationality. There is a proviso that if the wife does not acquire the nationality of her husband she does not become entirely stateless. From 1931 to 1947 this was the system in force in Canada.

Under the third system the nationality of the wife is entirely independent of that of her husband. Now this, as honourable senators will recognize, is the only system which recognizes that women have equal rights to nationality with men, as is stated in the preamble to both the charter of the United Nations and the Universal Declaration of Human Rights. Article 15 of the Universal Declaration, which is quoted in the convention, states that everyone has a right to a nationality and that no one shall be deprived arbitrarily of his nationality or denied the right to change his nationality. It is this third system on which Canada's present Citizenship Act is based and which forms the basis of the Convention of the Nationality of Married Women, which we are considering.

Honourable senators, in view of our Canadian Citizenship Act, which came into force in 1947, Canada had no difficulty whatever in supporting this convention. Drafts of a convention came before the United Nations several times; these were sent out to member countries and some changes were made. All this took a lot of time, until finally, in 1957, the convention in its present form came before the General Assembly. Immediately prior to that it had been considered by the Third Committee of the United Nations, on which Mrs. Ann Shipley, a Canadian woman Member of Parliament who was referred to by the honourable senator from Rockcliffe (Hon. Mrs. Wilson), was Canada's representative. In this Third Committee Mrs. Shipley said that Canada would not have to make any reservations, as may be done under article 8 of the convention if a country cannot accept everything in the convention wholeheartedly. She pointed out that Canada's domestic legislation was already fully in accordance with the principles of the convention. On January 29, 1957 the convention was adopted

by the General Assembly of the United Nations and was opened for signature on February 20, 1957, and on that very day Mrs. Shipley signed on behalf of Canada.

It has been the subject of much concern to Canadian women that, although Canada signed this convention as soon as it was opened, our Government has taken so long to bring it before Parliament for ratification. We looked for ratification in the 23rd Parliament, which opened in October, 1957 and was prorogued in February, 1958; and again we looked hopefully for ratification in the 24th Parliament, which opened in May, 1958 and was prorogued in September, 1958. The convention was introduced into the Senate on March 16 this year and into the House of Commons on about the same date. It seems inexplicable to many of us that there has been so much delay in considering it. In fact, we had serious doubts if it would receive consideration before prorogation of the present session. That is why I asked at yesterday's sitting that it should be given priority today.

Some of us wondered if, as in the appointment of the delegation to the Commonwealth Conference on Education, which is being held in Oxford, England, this week and next, women's interests had been overlooked entirely. Honourable senators will no doubt have noticed in the press that a delegation of 19 Canadians went to England to attend this conference, but it was only when the Canadian Federation of University Women brought to the attention of the Prime Minister that there were no women on this delegation that any action was taken to provide a woman delegate. This omission came to the attention of the Canadian Federation of University Women through an article in the London *Times* of June 29, stating that there were four women in the delegation from Britain. The *Times* also had an editorial congratulating Britain upon having women on its delegation to the conference, because this is a subject in which women are particularly interested. I believe that newspaper also said it was astonishing that there were no women on the overseas delegations. Honourable senators may be interested to know that when the Prime Minister learned of this omission he had his office advise the Canadian Federation of University Women that if they could find three women suitable, willing and able to attend the conference, one would be appointed. This was on Monday last, July 13. A number of long distance telephone calls were made—and I can assure you it is difficult even in such a big country as Canada to find three women who would be suitable as representatives and who could leave for England at a moment's notice—but finally three qualified women were found. Their names were reported to the Prime Minister on Wednesday, and one of them has been appointed to attend this conference. The appointment is a very excellent one. Honourable senators may be interested to know that Canada's woman delegate is Mrs. Mary Quayle Innis, Dean of Women at Toronto University, the widow of a distinguished political scientist, Professor Harold Innis. Mrs. Innis was vacationing on the west coast, but she immediately flew back and has gone to the conference.

I am very happy that there is a woman on that delegation, and I congratulate the Prime Minister on the action he took. I think it is well that a woman has been appointed even though the appointment is late. It is better that an appointment be made late than never. Maybe that is the principle that was adopted in connection with the convention we are studying, that ratification is better late than never. I know that most women feel we deserve better consideration than this.

It is provided in article 6 of the convention that the convention shall come into force 90 days after the deposit of the sixth instrument of ratification or accession. Canadian women were hopeful that, if Canada had not already ratified the convention, it might be the sixth country to do so, and thus have the honour of bringing it into force. But we did not have that honour, as Sweden was the sixth country to accede, and she deposited her instrument of ratification on May 13, 1958. The latest report I have is dated March 27, 1959, and it must be a little later than the information of the honourable senator from Saskatoon (Hon. Mr. Hnatyshyn), because my report says that 25, rather than 22, members have signed the convention, and 14 have ratified or acceded to it.

Honourable senators, although Canadian women now enjoy the rights guaranteed by the convention, we women who have attended some of the international women's meetings realize that many women of other countries look to Canada, and to the women of Canada, for leadership regarding laws that guarantee equality and freedom. If we are going to continue to give that leadership we must give our wholehearted support to such international agreements as this, which state a principle and establish a standard for other countries to follow.

Another reason why I think we should have ratified this convention earlier, and why Canadian women feel there is a special urgency about it, is that following a recommendation made by the commission on the Status of Women to ECOSOC, and by ECOSOC to the Secretary-General, the

Secretary-General has arranged for publication of a pamphlet, and subsequently a book, on the history of the Convention on the Nationality of Married Women. This pamphlet is, I believe, in the course of publication; indeed, it may already have gone too far to include Canada as a ratifying country. But we Canadian women feel that if the book and pamphlet are published without the inclusion of Canada as one of the ratifying countries, we will be—and I don't think I put it too strongly—ashamed and embarrassed.

Honourable senators, the honourable senator from De la Durantaye (Hon. Mr. Pouliot) asked the Government for information about whether or not women's associations in Canada had asked the Government for an amendment to the laws to permit married woman to have a citizenship distinct from that of their husbands. As you know, the honourable senator received a reply in the negative, with an explanation that women already have had such independent citizenship since 1947. I assure honourable senators that Canadian women's organizations, especially on the national level, are too well informed about Canadian laws that affect women to have asked the Government for something we already have. However, had the honourable senator asked the Government if it had received such requests before the passage of the Canadian Citizenship Act in 1947, I know he would have received a different answer. Also, had he asked if women's organizations had requested the Government to ratify the convention now before us, he certainly would have received a different answer, for I myself know of at least three national women's organizations that have made such a request, and I think it very possible there have been others.

As the honourable senator from De la Durantaye was apparently seeking evidence of Canadian women's interest in this legislation, he and others may be interested to know that prior to May, 1957, when Canada became a member of the commission on the Status of Women, many representations were made to the then Secretary of State for External Affairs asking that Canada have representation on this commission which was giving priority to the study of legislation regarding the nationality of married women. I know this from my own personal experience, for on several occasions I was among those groups representing national women's organizations that made such representations to the Honourable Mr. Pearson, then Secretary of State for External Affairs, which representations I believe convinced him of the deep concern of Canadian women about this problem and similar problems involving women's rights, and I believe also persuaded him to take the steps which resulted in Canada's being represented on the commission, as she is today.

However, in case we Canadians pride ourselves too much on the fact that, even before this subject came up for study by the United Nations in 1947, Canada had already passed legislation in accordance with the terms of the convention which was the outcome of the study, I would like to point out that Canada's naturalization laws had not for long recognized the right of a married woman to retain her own citizenship. Immediately prior to the coming into force of the Canadian Citizenship Act in 1947, under the law in force at that time naturalization certificates could not be granted to persons under a disability, and persons under a "disability", according to the definition in the act included married women along with minors, lunatics and idiots.

Up to 1931 Canadian law provided that the wife of a British subject—and it was only as a British subject that anyone could be naturalized in Canada, prior to the passing of the Canadian Citizenship Act of 1947—was a British subject, and the wife of an alien was an alien, and there were no exceptions.

This was harsh treatment as far as Canadian women were concerned, especially for those born in Canada. If such a woman married an alien in Canada she immediately became a subject of an alien country and lost her rights as a British subject, even though she might never have stepped foot out of Canada all her life. The hardship was greatly increased when, in 1922, the United States passed what is known as the Cable Act, which provided that a woman who married an American citizen did not become an American citizen herself. The result of these two laws, the Canadian law and the American law, was that a Canadian woman who married an American citizen—and hundreds of them were doing so at that time—lost her British nationality and did not acquire an American nationality, and actually became stateless.

There were similar troubles between some other countries regarding this matter, which led to a meeting in 1930 at The Hague where, after consultation a number of countries, including Canada, signed The Hague Convention. Following this, it was neccessary that Canada's naturalization laws be changed, and they were changed to provide as follows:

(1) That a woman on marrying an alien shall not lose her nationality unless at the same time she acquires the nationality of her husband.

(2) That if her husband changes his nationality during marriage she shall not lose her nationality, unless as a consequence of her husband's change of nationality she also acquires his new nationality; and

(3) Naturalization of the husband during marriage shall not affect the nationality of the wife except with her consent.

To bring Canada's laws in accord with the terms of this convention, which we had signed, an act amending the Naturalization Act was passed by Parliament in 1931. At the present time we do not have to change our law to come within the convention now before us. An act to bring us in accord with the Hague Convention was passed in 1931, and the general principle that the wife of a British subject was a British subject, and the wife of an alien was an alien still held, except in these cases which would result in hardship, or, as in many cases, statelessness.

The amendments to this act of 1931 prevented a woman from becoming stateless on marriage—that is, they prevented her from losing her British nationality without acquiring another one—and also prevented her from losing her British nationality in cases where her husband, after marriage, became a citizen of another country and his naturalization did not give her his new nationality. However, in such cases the wife was required within a short period of time to make a declaration that she wished to maintain her British nationality.

This amending act also required that if the wife of an alien who became naturalized wished to become a British subject she must make a declaration stating that such was her wish, otherwise she remained an alien even though her husband had acquired British nationality.

There were many husbands who were naturalized and who, either ignorantly or wilfully, did not advise their wives that they must take some action in this matter. Thus often the wife unnecessarily either lost her British nationality on her husband's becoming an alien, or did not acquire British nationality when he did because she had not made the required declaration that she wished to be naturalized.

In 1946 the Honourable Paul Martin, then Secretary of State, introduced in the House of Commons the Canadian Citizenship Act, which came into force on January 1, 1947, and which puts married women in the same position as any other person in regard to citizenship. Under this act a Canadian-born woman, unless she renounces her rights, retains her citizenship all her life even though she may acquire on marriage the nationality of her husband, and thus she may hold dual nationality. I hope that similar progress may some day be made along the lines of other matrimonial relations, particularly in regard to the domicile of married women. That is another very vexed question which causes difficulty and hardship to many married women. It has been studied by the Commission on the Status of Women. That is a matter I will not go into now, but I expect you will be hearing about it from me at some time in the future.

Under the Canadian Citizenship Act which became effective in 1947 Canadian women are no longer under the disability of being placed in the same class as minors, lunatics and idiots. This is very enlightened legislation. As we were told by the honourable senator from Saskatoon (Hon. Mr. Hnatyshyn), Canada is the first country in the British Commonwealth to follow the United Nations' Charter and Declaration of Human Rights in putting women on the same footing as men with respect to citizenship.

However, there are one or two things I would like to bring to your attention in regard to the Canadian Citizenship Act of 1947. Its provisions are not retroactive, and there are many Canadian women who had lost their citizenship before the act was passed and who would not have done so had they married subsequently to 1947. There were special cases of hardship which aroused very much sympathy in 1948 and 1949, some of which received much publicity. There were the cases of 30 Canadian girls who had married Norwegian airmen in 1947 during their husbands' training in Canada. They discovered that under the law which was in existence prior to 1947—they had married before that year—they had become aliens, and that if they wished to return to Canada they must do so as immigrants. Even to come home to Canada for a visit they must make an application for a visitor's permit, as any other alien is required to do. There were many other unfortunate cases which caused difficulty and hardship, but I think the cases of these 30 Norwegian marriages received the most sympathy.

It was following publicity regarding this and the interest aroused that an amendment was made to the act in 1949 providing that the minister in his discretion—or in her discretion, for we have a woman Minister of Citizenship and Immigration at the present time—may grant a certificate of citizenship to a woman who by virtue of any law in effect before 1947 ceased to be a British subject through her marriage.

Hon. Mr. Macdonald: When was that passed?

Hon. Mrs. Fergusson: In 1949.

It is in the discretion of the Minister to grant a certificate of citizenship to a woman in this position. One of the great difficulties is that there are at present many women in Canada who do not realize that because of their marriage before 1947 they lost their British nationality and they are not now Canadian citizens. Often they do not know it until they apply for a passport, or have some other reason for making use of their citizenship. There are others who realize they lost their Canadian citizenship and British nationality, but who do not know that the minister can grant them a certificate. Not too many people are aware of the provisions in our laws, unless they are lawyers or have received legal advice. They do not know that by application they can receive from the minister a certificate, should he or she decide to give it, which would restore to them their rights as citizens.

Honourable senators, I am certainly not prepared to introduce—of course, I could not do so now—an amendment to the Canadian Citizenship Act, but I think the amendment of 1949, which is now section 10, subsection 3 of the act, should be enlarged and should do away with the minister's discretion in these cases, and should make these women who lost their citizenship through marriage prior to 1947 Canadian citizens without their having to apply to the minister for such a certificate. If that is not possible—and I have not discussed this with anyone who is able to give me advice about it—then I think wide publicity should be given to the necessity for such women to apply for a certificate which will make them true Canadians in law as well as in allegiance. I am sure there are many who are unaware of that provision in the act.

Honourable senators, I come back to the convention. This is a human rights document, the ratification of which by Canada not only demonstrates to the world Canada's stand on such questions but also, I believe, provides greater protection for the nationality rights of Canadian women than any statutory enactments such as a bill of rights or, even, the Canadian Citizenship Act can do. Any law passed by Parliament can be repealed by Parliament, but after Canada has once become a party to a solemn international agreement such as this, it is inconceivable, in view of the leadership which Canada has given in the international field, that any Canadian Government could withdraw from it.

This convention represents commendable progress in one of the most important spheres of international law, the recognition of the status of women, and I feel sure it will receive the unanimous support of this house.

Hon. F. Elsie Inman: Honourable senators, the recognition of the family as a social institution cleared the way for social control. Throughout the Western world secular legislation, or let us say the same type of legislation, has been extended to practically the whole sphere of domestic relations. It was a many-sided movement for spiritual liberation through which the mother and child were being recognized as equal personalities in the family circle and in society. It was a process of individualization, or specifying for the sake of socialization, by which the corporate unity of the patriarchal family was destroyed, or at least dissolved.

In fact the rise of democracy in the household is one of the major results of the general levelling process which is releasing the individual from class, sex, or group control, and constituting him or her as a free and distinct unit of the sovereign authority.

The family bond is no longer coercion, but persuasion. It is the releasing of the wife from the husband's hand and making her an equal member in the marriage partnership; and in the field of larger society it is accomplishing her political, economic and intellectual independence.

Old beliefs and prejudices die hard. But property disqualifications have been entirely removed from women, and the right of guardianship has become theirs. Women, as normal intelligent people, have the right to retain the nationality of the country of their birth.

Who would place a limit on the influences which may be exerted in a commonwealth by these thousands of earnest, intelligent women, when they are fully awake to their duties and responsibilities to their country as citizens, still without losing their own nationality?

Honourable senators, in 1929 when the Privy Council of Great Britain gave to Canadian women the legal status of persons with the right to sit in the Senate of Canada—and here we may pay tribute to the honourable senator from Rockcliffe (Hon. Mrs. Wilson) —other rights and privileges were not defined in detail.

The legal status of married women in regard to nationality has been the concern of many people in many countries, and this was especially so during and at the close of World War II. From 1940 to the present time there has been much mixing of nationalities in marriage, followed in many cases by discontent and confusion with regard to the nationality of the contracting parties.

In the past the status of married women has been most seriously affected in a great number of countries, with respect to their right to nationality, their right to choose or maintain a domicile or residence, and their

rights and duties with regard to their children. This has considerably restricted their property rights and civil capacity.

To remedy this situation, as honourable senators know, a Commission on the Status of Women was set up in June 1946 by the United Nations for promoting universal respect for, and observance of, freedom and equality in all spheres of economic, national, cultural, social and political life. This commission felt the most important task was to awaken women to their civic and political responsibilities, to encourage them to participate in electoral processes, and to remove the prejudices against their participation in public life. The commission recommended as one of its aims that married women keep their nationality and that it be the right of their children upon attaining their majority to choose the nationality of the mother.

As honourable senators know, up to a few decades ago the nationality of women all over the world followed that of their husbands. Then a few nations began to grant autonomy, but as the movement was not universal it resulted in women becoming stateless upon marriage, where they still lost their own nationality and failed to gain that of their husband. Let me give an example of just such a case, one that I am personally aware of.

The young lady I speak of was born and brought up in Prince Edward Island, of Prince Edward Island parents, and was, for all purposes, a Canadian citizen. During the war she married. Her husband had been an officer serving with a foreign air force and had escaped to Britain, where he fought in the Battle of Britain. Subsequently he came to Canada as a flying instructor. According to the then regulations she immediately became a citizen of a foreign country, but by reason of the fact that her husband was serving with the Canadian forces, he having transferred to the Royal Canadian Air Force, he automatically became a Canadian citizen. Thus we had the anomalous or abnormal situation of a Canadian-born wife being regarded as a foreigner, while her foreign-born husband was regarded as a Canadian citizen.

When her husband was demobilized after the war, she often expressed amusement at being considered a foreigner, notwithstanding the fact she had never been off Prince Edward Island.

In order to become a Canadian citizen she later had to go through the usual procedure of filing an application for Canadian citizenship, waiting a period of five years while residing in Canada, and finally appearing before a judge of the county court to take her oath of allegiance to the Crown, and to receive her Canadian citizenship.

Thus she was born a Canadian, became a citizen of a foreign country by marriage and finally had to apply to again become a Canadian citizen, although she had never been out of Canada in her life. I could give examples of other cases involving Canadian-born women who found themselves in a similar position.

To eliminate this type of thing it is necessary to have an international regulation or code of law which would be universal. This was the prime purpose of the Convention on the Nationality of Married Women. Canada was one of the states which sought the drafting of the convention and showed an active interest in the discussions concerning it at the United Nations. Women's organizations throughout Canada have repeatedly encouraged and sought ratification of the convention, and I, personally, fully and heartily support it. This convention, adopted by the General Assembly in 1957 and signed by 15 countries, eliminates the automatic acquisition by a woman of the nationality of her husband. This applies also to any change in the nationality status of the husband during marriage, as happened in the case I cited previously.

The convention provides also for privileged naturalization procedures for the wife who wishes to acquire her husband's nationality, and preserves her right to that nationality in countries where the law grants it to her at her request.

The convention is consistent with the Canadian Citizenship Act of 1946 by which women in Canada were given full independence or autonomy of status. Canada has always been an active promoter of the convention since it was first brought up at the United Nations, and signed it on its completion. Mrs. Ann Shipley, as has been stated, signed for Canada on February 20, 1957, and now we wish to ratify the Convention.

The honourable senator from Saskatoon (Hon. Mr. Hnatyshyn), who introduced this motion in the Senate, and the honourable senators from Rockcliffe (Hon. Mrs. Wilson), Sorel (Hon. Mrs. Jodoin) and Fredericton (Hon. Mrs. Fergusson) have each given a very detailed and explanatory resumé of this Convention on the Nationality of Married Women. I know that honourable senators are fully acquainted with the articles of the convention, and I wish at this time to register my full support and to say that it was a great day for the women of Canada when this convention was signed by Mrs. Ann Shipley.

Hon. W. M. Aseltine: Honourable senators, I think I am safe in saying that we are all delighted with the manner in which our lady senators have dealt with this subject. I compliment them most sincerely on their fluency of expression and their obviously complete knowledge of the subject which they have been so ably discussing. I feel sure, as I am confident that all other senators do, that the status of the nationality of married women will always be safe in their hands.

Hon. W. Ross Macdonald: Honourable senators, I join with the Leader of the Government (Hon. Mr. Aseltine) in complimenting the four women members of this house who have given us such excellent addresses today. If any of us had any doubt about it previously, I am sure we are all now convinced that it was a very fortunate occasion for all Canadians when in 1929 the highest court of the commonwealth declared that women were persons within the meaning of that term as used in the British North America Act and therefore entitled to become members of this chamber.

One of the women senators referred to the fact that this resolution has been on our Order Paper since March 16 last. They have waited four months to deliver these addresses.

Hon. Mr. Aseltine: I think their speeches have been all the better for that.

Hon. Mr. Macdonald: I am sure their addresses have improved with time. In any event, the honourable ladies have been very patient in waiting for this order to be called. I understand the Leader of the Government (Hon. Mr. Aseltine) did not call this order earlier—as I know he would have wished to do—because a request came to him from the other house that the Minister of Citizenship and Immigration, who is a woman, should be allowed to introduce the motion in the other place before it was introduced here. Why that was done, I do not know. It may have been thought that the other house is more important than this house. I notice that the wheat agreement, for some reason or other, was introduced in this house first. I thought it was introduced here because it was felt that our house was more important than the other house. Now, whether the Government of the day thought that wheat was more important than women, or that women were more important than wheat, I do not know. In any event, we are all happy that after today these conventions will have been approved by Parliament.

I am glad that the four women senators who are present here today have spoken on this resolution. Unfortunately, the honourable senator from Victoria (Hon. Mrs. Hodges) was not able to be present, on account of ill health. She had prepared an address on this subject, and I know she would have joined with the four women who have spoken today in expressing her approval of this convention.

Hon. Mr. Aseltine: I will write her a letter of sympathy.

Hon. Mr. Macdonald: Thank you. The convention was introduced by the honourable senator from Saskatoon (Hon. Mr. Hnatyshyn). He is the only one who spoke on it who is not a woman. May I add that he also is a person. I am sure that all the male members of the Senate join with the women members in expressing very deep and sincere approval of this measure.

Hon. Gustave Monette: Honourable senators, may I be allowed, as a man, to speak on this subject? I shall not be very long, but I wish to raise just two questions. I shall do this not with a desire to oppose the views of the eminent ladies who have spoken, but rather with a view to trying to understand the situation. Let me say that I too greatly appreciate the clear and well-expressed opinions to which we have listened this afternoon. These eminent women senators possess full knowledge of the matter under debate. They have given special study to it. When I first came to this chamber I formed a high opinion of the ladies sitting here as senators, and since then my admiration for their ability and the proper execution of their role in this chamber has steadily increased. Until today I had felt they could not conduct themselves more admirably than they had in the past, but I have been more than ever impressed by the manner in which they dealt with this difficult subject, in well-guarded yet good, legal language.

The points I have in mind to raise will be very brief. First I will address myself to the speech made by the honourable senator from Sorel (Hon. Mrs. Jodoin). I regret that she has since left the chamber. I am not going to criticize her in absence. I appreciate very much what she said about parts of our Quebec law which are, as she put it, in desuetude and so on, but which, to my mind, are not all in desuetude. Of course, progress is necessary and in Quebec we all feel, as other parts of the country do, that some improvement could be made in the laws with relation to women. In fact, the Senate itself has been slow, as well as the provinces, in recognizing more and more fully the rights and the capacities of women, in not only economic and social life but in political life as well.

The honourable senator from Sorel said, *inter alia,* that the marriage conventions

would be better arranged if married women were under the system of separation as to property. That is not totally consonant with my theory, although I may be wrong. Last session when we were in committee discussing the Estate Tax Bill I was made to realize the difficulties that arise in provinces other than Quebec in determining the part of the husband's estate that should pass free of succession duty to the surviving wife. At that time I explained to the committee that in Quebec, under the régime of the community of property, from the moment of marriage half of all property that is acquired after marriage by both consorts or by the husband alone belongs automatically and as a matter of right to the wife.

It is recognized that the wife is not in a position to attend to matters of business as is the husband. The wife has a function to accomplish from which she generally does not flinch. Her function is bringing children into this world, rearing them and looking to their education, while on the other hand the husband is condemned, if I may use that term, to provide for the household.

If a couple are married under the system of separation of property, as they may elect to do in the province of Quebec, any property that the husband accumulates during the marriage belongs solely to him. Under community of property, however, the wife is assured that while attending to her numerous duties in connection with her family the law does not forget her. She participates equally with her husband in the building up of the common heritage and automatically one-half of the property acquired during the marriage belongs to her, although she cannot dispose of it without permission of her husband. On the death of her husband this property does not pass to the heirs of the husband named by will or otherwise, but remains her property. She does not have to look to any legislation to claim exemption from succession duties; she has no such tax to pay on her share of the property.

Despite the brilliant, intellectual and clear exposé given by the honourable senator from Sorel, I feel it my duty not to let her statement pass unquestioned before this august assembly of senators representing the whole country. She contends that the system of separation of property is better than community of property, and that the latter should be gradually discarded throughout Canada. Well, I may be wrong, but the honourable senator's view is not my view. I am not yet convinced that a wife, who cannot participate in business affairs on the same level as her husband, because she exercises her function in the home, should be faced on the death of her husband with the prospect of obtaining nothing from her late husband's estate simply because they were married under the régime of separation of property, under which régime all property acquired by the husband during marriage is his property and in his name exclusively.

I beg to be excused for mentioning all this, because it is a little outside the scope of the debate, but the point was raised and I thought it was in the common interest to give my point of view and to raise this issue. If I am wrong, at least it will have been discussed.

As to the Convention on the Nationality of Married Women, I may say that I have not yet studied the whole convention. I understand it provides for maintenance of the right of the wife to her own nationality after marriage—that is, if she is of a nationality different from that of her husband she is entitled to preserve her own nationality. Of course, there is no obligation on her part to adopt the nationality of her husband. Now, what troubles me is a possible consequence that to my mind is serious. In referring to this I beg the indulgence of honourable members, and especially of the honourable ladies, for I am far from opposing what they advocated so ably in their speeches this afternoon. Suppose one member of a married couple in Canada is of a certain nationality and the other is of a different nationality, and war breaks out between the two nations to which each of these people belong separately. You will then have under the same roof, in the same family, two different national interests. The family interest is very strong, it is very sacrosanct, but the national interest also is very strong, and thus the husband and wife may come to feel some opposition to each other. However, if they are not too patriotic and are prepared to help each other out, despite the conflicting national interests, they might be able to continue to maintain the marriage into some political wrong, even possibly into some treasonable manœuvres. The law in Canada or in any country where there is a similar system, and there are many such, does not force a consort to testify of what he or she has learned through the other. Our criminal law does not compel a wife to be a witness against her husband, or *vice versa*.

I simply bring up that point, although I have given no elaborate study to it. My impression at this time is that there seems to be a little danger in this respect, which might become greater. It is something that has to be balanced against the advantages of enabling a wife to maintain her own nationality if she so wants to do after marriage. That is the question which came to my mind, and I would bring it to the attention of honourable senators for consideration.

Hon. Mr. Hnatyshyn: Honourable senators, I too would like to join in congratulating the four women senators who have made such a valuable contribution to this important subject.

Resolution adopted.

HUMANE SLAUGHTER OF FOOD ANIMALS BILL

THIRD READING

Hon. John Hnatyshyn moved the third reading of Bill C-71, to provide for the humane slaughter of food animals.

Hon. Muriel McQ. Fergusson: Honourable senators, I cannot let this bill pass without expressing my approval of it. If I thought its passage were in any way dependent on my support, I would feel it necessary to speak at length to it. As you have already listened to me at some length this afternoon, I have no intention of making extensive remarks at this time.

Hon. Mr. Aseltine: Go ahead.

Hon. Mrs. Fergusson: In my own province of New Brunswick great interest has been taken, particularly during the past year, in legislation regarding the humane slaughter of animals for food, and many organizations, among them some women's organizations which I referred to in an earlier debate today, have passed resolutions seeking legislation in this field.

Furthermore, in April a resolution, moved by an Opposition member and seconded by the Premier of the province, was passed in the New Brunswick Legislative Assembly, in support of this kind of legislation. It expressed strong support and approval of the principle and intent of legislation for the prevention of inhumane and cruel methods in the slaughter of food animals. The resolution expressed the wish that the Parliament of Canada would as soon as possible see fit to enact and place in force a measure for the humane slaughter of food animals, provided that such legislation did not conflict with any religious rituals.

Honourable senators, in view of my personal feelings in this matter, which have developed through much reading and study on the subject, and also through visits I have made to slaughter houses—I may say they were not pleasant experiences, but I went as an appointee of some of the groups to which I belong, who wished reports on this matter—I feel I must express my strong approval of legislation of this kind. I believe that approval is shared by the majority of the people of my province, and therefore I want to express my support of the bill.

Motion agreed to and bill read third time and passed.

NEWFOUNDLAND ADDITIONAL GRANTS BILL

MOTION FOR SECOND READING—DEBATE ADJOURNED

The Senate resumed from yesterday the adjourned debate on motion of Hon. Mr. Choquette for second reading of Bill C-72, to provide for the payment of additional grants to the province of Newfoundland.

Hon. John G. Higgins: Honourable senators, in order to appreciate the financial and economic situation in which Newfoundland is at present placed, and to understand what brought about that situation, it is necessary to unroll the pages of history for a few years and learn something of the story of Newfoundland, particularly that period just before the time when Confederation between Canada and Newfoundland was consummated. If I should be long in my remarks, I apologize beforehand, but this a subject of vast importance, not only to me, but to my country, to one of the provinces.

Hon. Mr. Macdonald: Hear, hear.

Hon. Mr. Higgins: The telling is not an easy or a pleasant task for me, and the hearing may be a bit tiresome for you. I shall state the facts as I know them, and I shall make no statement whatever unless I believe it to be true. I crave your attention and forbearance, and I trust I shall not strain the charity of your patience.

In 1832 Newfoundland was granted representative government, and in 1855 was granted responsible or self-government; and up to the year 1933 that form of government was enjoyed under the Letters Patent granted in 1855. On several occasions in that period Newfoundland found herself in serious financial difficulty, but on no occasion did England offer any assistance. It is a well-known historical fact that the imperial policy of Great Britain toward Newfoundland was that she should enter into Confederation with Canada, and on more than one occasion when Newfoundland looked to England for financial support, the British Government as a *quid pro quo* demanded that a royal commission should be set up.

However, the bait was never taken by Newfoundland and the Government always resisted such an attempt to set up a royal commission, knowing that it would be just a prelude to the carrying out of an imperial policy of bringing about Confederation between Canada and Newfoundland.

When Newfoundland received responsible government, in 1855, the country was almost

entirely undeveloped and without the modern amenities; she had no railways, no docking facilities, and hardly any roads; her education and health facilities were almost of little account. The population at the time was approximately 115,000. When the movement for the union of the British colonies in North America was started, Newfoundland accepted the invitation to send two delegates to the 1864 conference at Quebec. Both became supporters of Confederation, but when the question became a party issue in Newfoundland the party supporting Confederation suffered a terrific defeat. It was almost wiped out. That was the last that was heard about Confederation for approximately 25 years.

The year 1895 became a period of great crisis. In 1892 St. John's, the capital city, had been almost completely destroyed by fire. In December 1894, before the country had recovered from this calamity, there was an overwhelming and crushing financial disaster. There were two commercial banks in the country at that time, the Commercial Bank and the Union Bank. They had discounted large bills drawn by fish exporters on a London house, which was compelled to suspend payment of the proceeds of its sale of salt cod. The Commercial Bank, unable to meet its commitments, closed up. A run was made on the Union Bank, which also had to close up. It was a terrible misfortune that the latter bank was unable to borrow any money, because it eventually paid 99 cents on the dollar. All business was brought to a standstill, and the Government was unable to provide interest due on the national debt. All efforts to obtain temporary loans in Great Britain and in Canada failed. The Government Savings Bank was also in a precarious position, but Sir Robert Bond, the Colonial Secretary, pledged his private fortune to procure the money needed to protect this bank.

In desperation, the Government sought the opening of discussions on confederation with Canada. These began on March 17, 1895, and were abandoned one month after, on April 16 of the same year. The failure was due to the refusal of the Government of Canada to assume a greater share of the Newfoundland debt than the debt would have been if the *per capita* debt of Canada applied. The difference was little more than $5 million. I shall revert to this later. Our ancestors could boast, as we cannot, that, at that period of depression, the most desperate and precarious which Newfoundland ever experienced, they had the courage to spurn any offer they did not consider adequate. They would not sell their country for a mess of potage.

Let me go back for a short period of time. In the year 1890 Newfoundland made a treaty with the United States which would have been of inestimable benefit to Newfoundland and would have saved her from the terrible panic of 1895. A treaty known as the Bond-Blaine Treaty was arranged. Bond was at that time the Colonial Secretary of Newfoundland, and Blaine was the Secretary of State of the United States. Under this treaty United States fishing vessels could enter Newfoundland ports free of duty to obtain fish and bait supplies, and the United States would allow the free entry of Newfoundland fish and crude minerals into the United States.

This was a matter of supreme importance to Newfoundland, and would have built up the economy of the country through what turned out afterwards to be hard, bitter years. However, Sir John A. Macdonald, at that time Prime Minister of Canada, made representations to the imperial Government that this would affect the fisheries of the Maritimes, and demanded that further progress with regard to this treaty be stopped. As a result of that, the treaty never came into effect.

This interference in the external affairs of Newfoundland, and the refusal of Canada to help Newfoundland after the bank crash I have just mentioned, were never forgotten for over two generations, and Confederation was a dead issue during all that period.

During the next years, while responsible government existed, considerable progress was made in the country. A cross-country railway of 550 miles was built. Roads and bridges were constructed, health services were of good account, and education advanced rapidly and expertly. The iron ore mines of Bell Island, the lead and zinc mine at Buchans in the interior of the island, and, above all, the great paper mills at Grand Falls and Corner Brook, had given Newfoundland a more diversified economy than that which, in 1856, consisted only of the exports of the products of the sea. The population by 1930 rose to over 300,000.

In 1914 Newfoundland recruited, trained and sent overseas its own regiment, which fought side by side with regiments from all over the British Empire. The cost of this increased our national debt by nearly $50 million.

After some years of prosperity during and following the war the world depression of the early 1920's struck Newfoundland heavily. The depression of 1929-30, which was also world-wide and which struck Canada almost as heavily as Newfoundland, played havoc

with our economy, which was largely dependent on exports of fish, wood and ore, and it was impossible for us to get a fair return from these products. But the depression also precluded the country from raising loans to tide over the consequent falling off in revenues and to take care of necessary relief for the distressed. Newfoundland, which did not follow the practice of some other countries of refusing to pay the interest on the national debt or reducing the amount of interest, appealed to Great Britain in 1931 for a loan. This was refused unless the Government in power would consent to the setting up of a royal commission.

At the elections in 1932 the Government, known as the Alderdice Government, was returned. This Government had guaranteed the people there would be no change in the Constitution unless the matter was placed before them for their consent. A royal commission was accordingly appointed on February 17, 1933 under royal warrant, its function being:

> To examine into the future of Newfoundland and, in particular, to report on the financial situation and the prospects therein.

The report of this commission was presented to the British Parliament in November of 1933. The constitutional recommendations were that, until such time as Newfoundland should become self-supporting again, there should be a form of government under which the full legislative and executive power would be vested in the Governor acting on the advice of a specially created Commission of Government, that the existing Legislative and Executive Council would be suspended, that the existing Letters Patent and Royal Instructions would be suspended and new Letters Patent and Royal Instructions would be issued in their place, and that the members of the commission would be appointed by His Majesty.

One paragraph of the report reads as follows:

> It would be understood that, as soon as the island's difficulties are overcome and the country is again self-supporting, responsible government, on request from the people of Newfoundland, would be restored.

Both houses of the Newfoundland Parliament, relying on such a pledge of the British Government, accepted the recommendations and submitted an Address praying that the recommendations be implemented. As a result thereof the Imperial Parliament passed the Newfoundland Act of 1933 and, based upon that act, His Majesty issued new Letters Patent, dated January 31, 1934, and instructions were issued to the Governor. These Letters Patent contained this preamble:

> And whereas we have received an Address from the Legislative Council and House of Assembly of the said Island praying that we may be graciously pleased to suspend the aforesaid Letters Patent and to issue new Letters Patent which would provide for the administration of the said Island until such time as it became self-supporting again on the basis of the recommendations which are contained in the report of the royal commission appointed by us on the 17th of February, 1933—

Clearly, then, it can be seen that these Letters Patent were passed on the recommendations of the royal commission, and contained a solemn pledge to the people of Newfoundland that Newfoundland's former status, that of responsible government, would be restored when the island's difficulties were overcome, and on the request of the people.

By 1941 the financial difficulties of Newfoundland had been overcome. This was due largely to the increased demand abroad for Newfoundland products of fish, ore and wood, and was also due to the fact that the United States of America had been granted certain concessions regarding bases in Newfoundland.

When the war ended Newfoundland emerged in a healthy financial position—the healthiest of any country in the world. Her national debt had been reduced from $110 million to about $73 million, and she had over $40 million in the treasury. The paper mills were in full production. The United States bases were expanding, and the fisheries were still flourishing.

I may remark that during the Second World War the people of Newfoundland were more interested in contributing to the success of that war than in the constitutional position. Newfoundland contributed 10,000 men for service overseas out of a population of just over 300,000, and some $12 million was advanced to the mother country in free loans. There was never any doubt that as soon as the war was won the pledge given to Newfoundland would be fulfilled, and that Newfoundlanders would be given the chance to work out their own political and constitutional destiny. In fact, Mr. Emery Evans, the Secretary of State for Commonwealth Affairs, said in the House of Commons, on December 2, 1943:

> The arrangements made in 1933 included a pledge by His Majesty's Government, that as soon as the island's difficulties had been overcome and the country was again self-supporting, responsible government on the request of the people of Newfoundland would be restored. Our whole policy is governed by this undertaking.

But remember this, that in the meantime (1), the United States of America had been given

99-year leases to bases in Newfoundland, and (2), it had been proven without doubt that Newfoundland-Labrador possessed the greatest undeveloped iron ore deposits that had been found anywhere in the world.

After the beginning of World War II the United States had been granted 99-year leases to bases in Newfoundland, which bases were understood to be of a permanent nature. As a result of these bases, much employment was provided to the people of Newfoundland and, in the year of Confederation, millions of dollars were paid in wages besides the large amount of money spent by the Government of the United States and by those serving with the United States army and by contractors engaged in work on the bases.

Hon. Mr. Macdonald: May I interrupt to ask the honourable gentleman who granted the bases to the United States and what procedure was followed in granting the bases?

Hon. Mr. Higgins: They were granted to the United States by Newfoundland, with the consent of England.

Hon. Mr. Macdonald: By the Commission of Government?

Hon. Mr. Higgins: Yes. We were only concerned with the British Government, so it had to be done with their consent.

The strategic importance of Newfoundland and the existence of mineral wealth changed the whole outlook of the British and Canadian Governments with regard to their relations with Newfoundland. It must be mentioned here that the Canadian Government was not consulted when Britain handed over certain portions of Newfoundland territory to the United States for 99 years and was very indignant over the project.

There seems no doubt that Canada and the United Kingdom Governments feared that Newfoundland might become too closely allied to the United States and, despite any feeling of Newfoundland in the matter, they decided that in order that Canada should control the big and, at that time, important airport at Gander and have some control over the American bases, the bringing about of Confederation was necessary, and subsequent events seem to prove this beyond doubt.

In 1945 a movement for the return of responsible government was started by the circulation of a petition throughout the country asking for restoration of our former status; but this was forestalled by the action of the Commission of Government of Newfoundland, who were really the servants of the British Commonwealth Relations Office, in passing an act known as the Convention Act, which provided for the setting up of a national convention whose duty it would be:

> To consider and discuss amongst themselves as elected representatives of the people of Newfoundland the changes that have taken place in the financial and economic situation of the island since 1934 and . . . to examine the position of the country and to make recommendations as to possible forms of future Government to be put before the people at a national referendum.

An election to choose the members of this convention was held in the beginning of 1946. This convention started its deliberations in September 1946 and closed the last week of January 1948.

Someone moved that a delegation be sent to Ottawa to discuss if any equitable basis for Union with Canada existed. This was objected to at first, but it was decided that no harm would be done and a delegation was appointed and went with distinct instructions that no negotiations should be carried on. The delegation came back empty-handed, but later there were received through the Governor certain proposals of the Prime Minister of Canada.

Finally, the National Convention voted unanimously to recommend that two forms of government go on the ballot paper to be submitted to the people at a national referendum, namely: (1) a continuation of the Commission of Government, and (2), responsible government.

A motion to place Confederation with Canada on the ballot as a third choice was defeated by a vote of 29 to 16. However, contrary to recommendations of the National Convention, the Commission of Government, on instructions from the British Government, passed the Referendum Act in which the two forms of government recommended by the convention were set out, together with the beaten third choice, Confederation with Canada.

This so-called referendum was held on June 3, 1948, and the result showed: 21,753 votes for Commission of Government, 62,441 for Confederation with Canada, and 68,239 for responsible government.

As the Referendum Act called for an overall majority, a second referendum was rendered necessary.

Previous to the first referendum a campaign of deception and sectarianism was openly staged by the proponents of Confederation, and this campaign was aided and abetted by Government officials. Public officials in post offices not only delayed the distribution of responsible government literature but, in many instances, destroyed it. Telegrams were never delivered. Even the Eskimos and Indians on Labrador, who never had a vote and who have not the right to vote now, were

granted the franchise for this election, because Labrador was on the confines of Canada and these people had more dealings with Canadians than Newfoundlanders.

But before the second referendum this campaign showed its full rottenness. A most intensive propaganda was carried on. Sectarianism was loudly rampant and unlimited. I may say that campaign funds were supplied to the Confederate party from outside Newfoundland.

It is a sad commentary on the situation that one of the leading proponents in this campaign of setting class against class and creed against creed was the Governor of the Island, who was the chairman of the Commission of Government, a Welshman named Sir Gordon MacDonald.

Under such prejudicial conditions it was that the next referendum was taken. The elections showed: 71,334 for responsible government and 78,323 for Confederation. There were 6,000 people fewer voted in this referendum than in the first referendum. The total electorate was in the neighbourhood of 180,000, and Confederation secured 52 per cent of the votes cast, or just over 43 per cent of the registered voters.

In the two referenda we had the extraordinary situation that the people were asked to vote on Confederation with Canada as a form of government, although there had been no negotiation of terms. The Right Honourable Mackenzie King had given a unilateral proposal based on fact-finding discussions with the delegation which came up to Ottawa during the convention and had not been accompanied by expert advisers on any of the subjects under discussion.

In other words, the people of Newfoundland had voted without really any knowledge of the financial implications and apparently had simply expressed a faith in Canada's good intentions. The delegation had the assistance of, we presume, well-informed advisers but one can understand the impossibility of arguing controversial points and exacting new concessions after the matter had been settled by the referendum.

I would like to say here that the Prime Minister of Canada had previously stated that if the people in Newfoundland expressed their will beyond all possibility of misunderstanding as being in favour of Confederation, then the Canadian Government for its part would be prepared, with the consent of Parliament, to introduce the necessary legislation to receive Newfoundland into the Union.

After the second referendum, he said there was a substantial vote for responsible government. In other words, he clearly stated that he regarded this small majority of less than 4 per cent as not beyond all possibility of misunderstanding of the will of the people of Newfoundland to enter into Confederation. Yet it was under these circumstances that Canada agreed to accept Newfoundland into Union.

The drama moved on. Another step was made when the British Parliament passed the Newfoundland Act, and then the Canadian Parliament accepted the Union with Newfoundland under the British North America Act.

I may say that the Newfoundland Act passed in the British House of Commons on a division. The big majority of Liberals and Conservatives present voted against the bill. The Government party had made the bill a party measure, but only a small portion of its members attended to vote on second reading of such an important bill.

The opposition against the bill was led by the internationally known Sir Alan P. Herbert, and those who supported him were men of first-class calibre in the House of Commons; and the opposition in the House of Lords was led by Baron Sempill. They were all well-known men of high standing in the political world. They were imbued solely with the principles of democracy and the desire for rule by democratic institutions. They were champions of the rights of small nations, and they were fighting for a small country whose rights were being violated; and the claims and methods of big countries did not intimidate them. They fought the bill at every stage, and if they lost out they had the satisfaction, like many an honoured fighter for lost causes in the past of English history, of knowing that they were doing what they considered their duty to aid a country which played a small part in the eyes of a commercial world, and which was regarded as so unimportant that it became only a pawn in the game of politics.

The Commission of Government, with Sir Gordon MacDonald as chairman, appointed a delegation of seven to proceed to Ottawa to conclude the terms of Union, and this was done in spite of the fact that the people had decisively shown they had lost confidence in the Commission of Government.

I may say that only one of the seven chosen was known to be an open supporter of responsible government. This was Mr. Chesley Crosbie, whose father had in previous years played a big part in the political life of Newfoundland.

In October 1948 this delegation went to Ottawa to meet the Canadian cabinet committee of which the new prime minister, the Right Honourable Louis St. Laurent, was chairman. The negotiations took only two months—and in a matter of this kind this can hardly be called protracted negotiations

—and ended in a formal agreement which was signed on December 11, 1948. All signed except Mr. Chesley Crosbie, who refused to do so because, in his opinion, the agreement would be financially ruinous for Newfoundland.

This was the grand finale. This agreement sealed the Union, and on April 1, 1949 Confederation became *un fait accompli.*

The negotiations, as I said, took about two months. There must have been a multifarious number of matters to be discussed, and many of these must have been lightly touched on or ignored. In proof that the terms were not by any means extensively and exhaustively dealt with—and this must be admitted in view of the short period of negotiations—Term 29 was added.

The honourable Senator Pratt on June 11 last delivered a most able and comprehensive speech about the rights of Newfoundland. He is one of the best-known businessmen in Newfoundland, and can speak with authority on the commercial side of that country. He discussed at some length the meaning of Term 29 and what he felt Newfoundland should receive under it. It is not my intention to quote any portion of his speech, because it can be read. However, he did quote Term 29, and I shall repeat the quotation:

> In view of the difficulty of predicting with sufficient accuracy the financial consquences to Newfoundland of becoming a province of Canada, the Government of Canada will appoint a royal commission within eight years of the date of Union to review the financial position of the province of Newfoundland and to recommend the form and scale of additional financial assistance, if any, that may be required by the Government of the province of Newfoundland to enable it to continue public services at the levels and standards reached subsequent to the date of Union, without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the Maritime provinces of Nova Scotia, New Brunswick, and Prince Edward Island.

As to what this means, and how it was thought by the parties concerned it should be interpreted, one must read an extract from a speech of Right Honourable Louis St. Laurent in the Commons *Hansard,* Volume 1, 1949, at page 289:

> After long negotiations it proved possible, I think, to arrive at the scheme which is set out in the terms of Union, and which is apt to achieve that result. Human foresight, however, is never as good as hindsight. It was also provided that within eight years from the coming into force of the terms of Union a commission would be set up to examine the situation anew, and to report as to whether or not the terms provided are working satisfactorily and are sufficient to bring about the object of equalizing the lot of the people of the new province with that of the people of the older provinces. There is no undertaking to implement any terms of recommendation that may be made at that time by a royal commission. It was felt by the Newfoundland delegation, and by the representatives of the Canadian Government, that this was something that was being entered into in a spirit of fairness on both sides, and that it was not necessary to make binding stipulations about what would happen with respect to the report of a royal commission. It was felt if there was an investigation and a report by a commission, in which the public at that time would have confidence, the legislators of that day could well be trusted to do what would prove to be right in order to make this enlarged nation a united nation continuing on its path of progress toward its great destiny.

You will note that Mr. St. Laurent says:

> There is no undertaking to implement any terms of recommendation that may be made at that time by a royal commission.

That means nothing more than that a royal commission would be set up to examine the position of Newfoundland and to report as to whether or not the terms provided were working satisfactorily, but the Government could accept or reject these recommendations. And a couple of days ago in the House of Commons the honourable the Minister of Finance said exactly that, namely, that the Government was under no obligation to accept the recommendations and that Mr. St. Laurent had said the same thing. This means nothing more than that Term 29 was meaningless.

Under these circumstances I have no doubt that the bill before us has stronger and more effective force than Term 29, and that the words in the preamble of the bill

> —in the course of such a review any special circumstances relating to the financial position of the province of Newfoundland after the 31st day of March, 1962 would be taken into consideration—

are legally effective, which Term 29 does not seem to be regarded as being, according to the authorities.

It could be argued, and perhaps the argument may be regarded as irrefutable, that there was no intention to regard Term 29 as meaningless, but it should be used as if it had laid down that the Government or Parliament of Canada would accept the recommendations of the royal commission, that the commissioners would be chosen by the Government of Canada and it would be assumed that they would be men of the highest probity and ability and worthy of trust in such an appointment, that it would be expected they would not have been appointed just to make a report which might or might not be accepted, that it would be hardly honourable to think that their work would be nugatory, and that the trust placed by the Newfoundland delegation would be abused otherwise.

But let me say this, to deal with an interpretation which is heartening. The Prime Minister in his speech on July 14, as set out in the Commons *Hansard* of that date, intimated clearly that full regard will be given to

assuring the conditions inherent in Term 29 being upheld, so that Newfoundland should enjoy a reasonable degree of equality of opportunity along with the other provinces in this country. In other words, this means that Term 29 shall be read along with the undertaking contained in the bill at present. That is what the Prime Minister said in the other house, and I am re-stating it here in this house so there shall be a clear record. And I have used this undertaking before this bill has been passed, so that we shall all understand exactly what will be the position of Newfoundland in 1962.

There are two clear undertakings, one in the bill and one in the speech of the Prime Minister. The undertaking of the Prime Minister is clear and unequivocal, and I trust that the good Lord shall give me length of days so that when the matter of Newfoundland comes up in 1962 I shall be able to repeat the words that I have just used. And it will not be then answered that the undertaking of the Prime Minister is meaningless.

Let me remark that at no time was there ever mention of Newfoundland joining the United States. I know of no instance where a movement was started in Newfoundland to have her as one of the states of the Union. I shall go so far as to say that the people of Newfoundland desire and always desired to stay under British rule, or, rather should I say, within the commonwealth.

There was talk of a trade treaty at different times, because we purchased most of our commodities from England and the United States. We purchased heavily throughout the years from the United States and the United States purchased our paper and fish. It was only natural then that Newfoundlanders looked to the United States for trade treaties. And that was done, as I have already said, as far back as 1890.

In spite of the fact that for over a hundred years there has been a steady flow of Newfoundlanders to the United States, so that at present the number of citizens of Newfoundland descent in that country is larger than the population of Newfoundland, there has never been any talk of any annexation by the United States of America. And I, with almost entirely Irish blood flowing in my veins, say clearly, emphatically and dogmatically that the Irish Newfoundlanders had the strongest desire to stay within the British empire or commonwealth. In the short periods when I came to the mainland on visits I heard more talk of a political alliance between Canada and the United States than I heard in a lifetime in Newfoundland.

The people had voted on the question of Confederation and the only terms for Confederation offered were those contained in a brochure sent by the Prime Minister of Canada, the Right Honourable Mackenzie King, on October 13, 1947, to the Governor of Newfoundland. How such terms could ever have been made up, I cannot understand. In it the federal revenue from Newfoundland was placed at $20,185,000. On what this is based it is impossible to tell. I trust that the financial advisers to Mr. King on this were different from the advisers to the delegation who came to Ottawa after Confederation had been passed.

For instance, he puts liquor taxes that would be raised annually at $400,000 and tobacco taxes at $500,000, a total of $900,000. I suppose he thought that we drank most of our liquor in Newfoundland tax fee, or were an out-of-the-ordinary temperate crowd. We paid a lower rate of taxes on our liquor before Confederation than was paid in Canada, yet our excise amounted to over $3 million. At Canadian excise rates it would amount to much more than that.

Tobacco taxes were far more than $3 million. If the $20 million had been more than doubled it would have been nearer the truth. At the same time he showed that our expenditures would amount to about $27 million. In other words, that Canada would have to make allowance for this $7 million.

It was for these terms that the proponents of Confederation fought. Men who must have known or, by proper study, should have known that they were not fair, were not alone ready to accept them, but by lurid propaganda and foolish promises tried to persuade the people to support their action. If these terms had been finally accepted, Newfoundland would have been ruined in a short while. Fortunately the delegation appointed by the Commission of Government to settle on the terms brought back somewhat better, but by no means adequate, terms.

As I said already, they had the assistance of what we were told were well-informed advisers, but they certainly could not take up an independent stand in view of the fact that Confederation was a settled issue, and it would be impossible to go to the limit on the arguing of controversial points and getting new concessions. Apparently they had to depend on the good will of the Canadian Government.

The terms which we received were not the terms that independent men, or, rather I should have said, an independent country, would accept; and the terms we received were not adequate terms. The flourishing condition of Newfoundland at the time warranted something better than was offered.

There should have been no necessity for Term 29. But the inclusion of Term 29 shows that the people who were settling the terms

were doubtful. I hold no doubt that these terms should never have been signed.

What is worst of all is that these delegates were responsible to no one. They were apparently sent to try to get better terms but, above all, to sign in any case either the original terms or whatever extra terms were offered. Can you imagine anyone placing the destiny of a country in the hands of seven men not elected by that country but picked by a body, also of seven men, who had lost the confidence of the people?

The time given to negotiate terms was outrageously short. The Governor gave instructions that terms had to be settled in December 1948, as three months would have to be allowed for the transfer of services to the federal authorities, which the Newfoundland Government was to transfer, as for instance the post office, customs, taxation division, railways, telegraphs, etc. These had to be organized in line with the federal system and would take at least three months. It was essential that the Union be *un fait accompli* on March 31, 1949—in other words, that Union would come into effect on that date.

The delegation had some advisers but they were not experts to carry out a union of two countries. Only those who were conversant by long experience and study with Newfoundland affairs, who had spent much time studying the history of the country and the social life of the people, who had come to understand the economic structure of the country and her financial affairs, who could fully understand every aspect of Confederation as it affected the country and who could decide how the country could carry on after the event, should have been the advisers.

The committee appointed by the Government of Newfoundland to prepare the case for Newfoundland to be presented to the McNair Commission in connection with the revision of terms under Term 29 was engaged continuously for over two years. And it took the members of the McNair Commission more than a year to give the decision, which was done early in 1949.

It is wearisome to hear the platitudinous talk of how Canada has been a fairy godmother to Newfoundland and how well and timely Canada has solved her financial difficulties. People who talk that way seem to think that, as soon as Union was consummated Newfoundlanders, with the greatest joy, fervour and relief, raised their eyes and hands on high in thanks that they had become Canadian citizens, so great was the contribution of Canada to aid her in her hour of need. Let me tell you that is not true.

Newfoundlanders, despite the reputation of the island's poverty and backwardness which foreign reports have created, have pride in their country. They have an old tradition. They are a quiet, courteous people. They are a soft-spoken people to whom violence is abhorrent. You will find that they still call themselves Newfoundlanders. Thousands of members of the Canadian armed forces who served in Newfoundland during the war can vouch that they are different people from what propaganda preaches, and these men can tell that Newfoundlanders do not form a benighted race.

Now, I was rather surprised at the contemptuous or, should I say, the hostile manner in which the name of Newfoundland was bandied around for a period not so many weeks ago by some people and newspapers on the mainland. The opinions of leading churchmen and other reputable gentlemen, whose only fault or misfortune apparently was that they lived in Newfoundland and had first-hand knowledge of what they spoke about, were not only ignored but treated with contumely and contempt.

Newfoundlanders are an independent people and they resent any dictatorial methods to be used on them. They object to being regarded as second-rate individuals or as possessing subnormal intelligence. They do not regard themselves as inferior to other Canadians. It is time for some people to drop the highbrow attitude towards them and to cease their flippant remarks regarding them.

Perhaps you think I am raking up the dead past unnecessarily. "Let the dead past bury its dead," sang the poet. Yes, charity often demands our following this dictum. But in the search and struggle for justice, everything to prove the right to justice must be brought forward.

You will say the people voted on the matter —and that should be final. "The voice of the people is the voice of God," has been often proclaimed. I will not subscribe to such a blasphemous remark. The voice of a people! For 15 years responsible government was suspended in Newfoundland. There was no such thing as politics as we understand it. There were no political parties, no political campaigns and elections, no meetings of the legislature. Public matters were not discussed and argued about. A generation had grown up which had no experience of politics. The older people had forgotten politics and were suddenly called on to vote on the most important matter to come before a country.

Can you imagine a people, without any experience to guide them, and without any discussion or without any explanation of the pros and cons, being asked to vote on such an abstruse matter as Confederation? Can any intelligent person say that this was

the proper way to have the question decided? Imagine asking a people, practically all of whom had no knowledge of the implications involved, to vote on such a complicated and mighty scheme as Union, to decide on the destiny of a country and to vote for themselves and future generations. It seems nonsensical, outrageous and un-Christian.

This was not an ordinary plebiscite, like the few plebiscites that have been held in democratic countries where people were asked to vote on one question about which they may not know a lot, but of which they have some understanding because of their experience. Take for instance the question, "Do you think there should be prohibition of liquor?" Anybody could vote on a question like that. Some people would have gained an experience in public houses, some would have lesser experience and some would read about it in the newspapers; anyway, it is a subject which could be discussed.

I have a purpose in what I have said. All I have said is my premise. Let me come to my conclusion.

Confederation should have been effected through the medium of two independent legislatures, as the British North America Act outlined and as the Fathers of Confederation felt proper. The Terms of Union should have been settled between the delegates appointed by the two legislatures, that is, the legislature of Canada and the legislature of Newfoundland. Two separate bodies of delegates would debate clearly, openly and independently, responsible to their legislatures. Their interim findings would pass the scrutiny of each legislature until finally terms agreeable to both would be settled. This procedure would not take only two months. Considering the implications involved, the complexities of finance and economy pertaining to a country nowadays, perhaps a year, perhaps two years, would be required for the proper study and deliberation.

If Newfoundland had got back responsible or self-government and an independent legislature, the Terms of Union would have been settled by countries of equal powers, by countries with independent legislatures, and that is by elected representatives of the people, not by a few who owed no responsibility to a legislature or to the people.

If Newfoundland had had its legislature, a resolution of the majority of the members, if they desired it, would have been passed to enter into Confederation and, for that purpose, delegates would have been elected. If that had been done nobody could offer any criticism. The people would have spoken through their duly elected representatives.

And there would have been no necessity for Term 29. The future would have been well looked into and all problems would have been discussed and solved. Everything that was settled from time to time by the delegates would have been aired in the two legislatures. The people would have had full information regarding the terms and a full chance in the newspapers or on the radio to support or to criticize any term. And when the terms had been settled and the necessary acts passed, thereafter there could have been no objection. Two independent legislatures would have settled the matter of Union and everything would have been over. We could have said *Consummatum est.*

But what happened? I have told you enough to show you the unfortunate manner in which Union was carried out. The concept was wrong, the procedure was illegal and the result was unfortunate and calamitous for Newfoundland. Some future historian will not mince words to tell that it was the case of a small country overridden by two large ones. Surely, now, we Newfoundlanders can say that when the larger nations talk about the rights of smaller nations they do so only if their interests are not affected. Democracy seems to have run amuck. Would such treatment be shown to Quebec or Ontario or any other province in Canada? Would England have dared to treat New Zealand likewise, if Australia had tried to force her into a union by such means as were adopted with regard to Newfoundland?

There is and has been too much pleading as to what Newfoundland gained by Confederation. If the relations between the two countries are properly and honestly investigated, it will be found that, if some advantages have come thereby to Newfoundland, Canada also has been a gainer and, in the balance, perhaps it is difficult to tell which is the gainer.

But the indifference of the mainland to Newfoundland's contribution is disturbing, nay appalling. The boundaries of Canada were extended and now its territory runs from the Pacific on one side to the Atlantic on the other.

Union brought into Canada the vast area of Labrador with its immense iron ore deposits which, while they may bring little money to Newfoundland, will probably bring untold wealth to Canada when developed. And Canada got possession of the great Gander airport.

At the same time let us consider the losses suffered by Newfoundland. Union deprived her of her chief sources of revenue, which passed into the hands of Ottawa. It took away from Newfoundland the cheapest markets of the world. It ended the right of Newfoundland to bargain with the United States

in connection with the bases of that country in Newfoundland. Do not think that the last mentioned consideration is a minor one. The United States bases have provided and are providing a major industry in Newfoundland.

The United States must have spent over a billion dollars in erecting these mighty bases, and the amount of wages paid Newfoundlanders who worked on their erection is colossal, that is, for Newfoundland. There is still much employment for Newfoundlanders in this way, and the wages earned every year go into millions.

But, if further bases are desired to be built, the Canadian Government must be approached, and we know that Ottawa is not sympathetic to further extension of bases or of United States influence. If Newfoundland were independent she could make independent agreements with the United States regarding the bases. And if another Bond-Blaine Treaty were made regarding fish or some other commodity, it would stand this time if Newfoundland were an independent country.

I mentioned that Newfoundland produces less than 10 per cent of the goods she needs. She formerly could turn to the cheapest markets of the world and at that time the Canadian market supplied her with little, very little, in comparison with what she got from England and the United States.

Confederation has turned her trade to the Canadian market and the material gain for the mainland has been enormous. If Newfoundland as a separate country purchased the same amount of Canadian goods she would rank third in the Canadian export trade, next to Great Britain and the United States. I had computed that about $225 million worth of Canadian goods are purchased annually. But in a recent issue of the *Financial Post* I noted that Newfoundland provided for Canada "a market for mainland goods estimated at $250 million a year". What a boon this is to Canadian manufacturers.

How much does Ottawa get from this in the form of federal tax? We cannot tell from any publication of official statistics, but a fairly reasonable estimate can be worked out. Unfortunately no one considers this as money for Ottawa from Newfoundland, because the taxes are collected in Ontario or in whatever province the goods are manufactured. I may say that the amount paid as excise and other taxes on motor cars and accessories coming to Newfoundland can be estimated at nearly $2 million. The honourable Senator Pratt estimated the taxes on motor cars to be about $1 million, but he informed me that he had forgotten to include accessories and parts, which would make the amount from $500,000 to $1 million more.

I have not got the figures for the income tax for 1958, but the income tax collected for 1957 amounted to approximately $28½ million, and the succession duties amounted to $582,000. When the Right Honourable Mackenzie King put the excise on tobacco, which I presume included tobacco, cigarettes and cigars, at $400,000, he must have drawn these figures out of thin air. I may say that the total amount of tax that would have been collected on tobacco and cigarettes, apart from cigars, based on the Newfoundland consumption for the year 1946-1947, at the present Canadian tax rate, would have been $4,887,729.

When Newfoundland entered into Confederation cigarettes sold for 24 cents a package, but as soon as Confederation came the price rose to 34 cents. Tobacco practically doubled in price. In fact, one kind of plug tobacco which was used extensively by the fishermen and on which a small excise was paid, cost 27 cents for a quarter-pound plug, and under Confederation the price rose to 60 cents a plug.

Today the following would seem to be a conservative amount contributed by Newfoundland to the federal authorities:

	million
Income tax—that is personal and corporation tax and succession duties	$29
General sales tax	13
Excise tax on cigarettes, tobacco and liquor	13
Import duties	8

I have taken the excise on cigarettes, etc. at $13 million from the speech of the honourable senator from St. John's West (Hon. Mr. Pratt), who informed me that he had received sufficient information to warrant thinking this was a reasonable estimate.

Besides these amounts I would estimate excise taxes on motor cars, trucks, buses and vehicles, radios, electrical appliances, furs and fur garments, watches, jewellery, athletic and sporting goods and various articles to be at least $6 million.

I must pay a tribute to the present Government, which has contributed large amounts recently to the Atlantic provinces, of which Newfoundland got a substantial share. These were generous amounts. That cannot be denied. They came at an opportune moment and were a source of financial aid at a time deeply needed. I am also aware that Newfoundland received certain amounts apart from those given the Atlantic provinces, and for these Newfoundland should be deeply thankful. I am glad to pay this tribute to the Government.

But, after what I have said, I, as a Newfoundlander, cannot be fully satisfied with any arrangement other than what justice dictates. I shall never be satisfied until Newfoundland receives what she would have received if Union had been properly carried out—a union between two legislatures, representative of the people of the two countries; not a union between a big country and a small downtrodden one represented by individuals who had no standing, but a union between two free and independent countries.

Perhaps it is too late to talk this way now. It may be thought that Newfoundland should have risen up in one violent protest, a protest not of one crowd, but of the whole people. And that not having been done, it can hardly be expected that a Government which had nothing to do with the Terms of Union can go back and start negotiations for entirely new terms. Perhaps that would be expecting too much.

The one matter that apparently was not brought forward or, if it was brought forward, was never pushed, was the amount of the Canadian debt that was thrust upon us by Confederation and the manner in which this should be met. The amount was over $300 million, the difference between our national debt and our share of the Canadian national debt.

I mentioned earlier and said I would revert to the fact that in 1895, when Newfoundland was in financial difficulties, she tried to start negotiations with Canada about union and that after a short while negotiations were brought to an end because Canada insisted that Newfoundland should pay interest on $5 million, the difference between her national debt and her proportionate share of the Canadian national debt.

Now, with the cards reversed, at the meeting of the delegates apparently no offer was made to Newfoundland because of the difference between her national debt and her proportionate share of the Canadian national debt.

I have no doubt that the question of debt allowance, or yearly payments to Newfoundland due to the difference between her share of the national debt and the federal debt, was never brought up before or ever treated seriously by the delegation. When I was Leader of the Opposition in Newfoundland, I brought the matter on at least two occasions before the House of Assembly, and on each occasion my remarks were treated with indifference and contempt by the Premier, who had been one of the delegates. He just thrust aside my mention of this matter as if there was not the slightest merit in it and it was not worth while discussing. In my estimation it just showed how little the delegation knew, or how little they were instructed in the abstruse subject of Canadian politics, or the ramifications of the British North America Act, or the history of the Constitution of Canada.

What happened in the case of Confederation in 1867? What provision was made for provinces whose debts were less than the debt of the other provinces? I refer you to Munro on *The Constitution of Canada,* 1889 edition, re Prince Edward Island. I read first from page 318:

> That Prince Edward Island not having incurred debts equal to the sum mentioned in the next preceding resolution shall be entitled to receive by half-yearly payments in advance from the general Government interest at the rate of five per cent per annum on the difference from time to time between the actual amount of its indebtedness and the amount of indebtedness authorized as aforesaid, viz. 4,701,050 dollars.

Now, I have mentioned the features of Confederation which outlined the method by which Union should be granted—

Hon. Mr. Isnor: Am I to understand that the honourable senator is making the statement that the other Maritime provinces did not pay interest on their debts which were outstanding?

Hon. Mr. Higgins: Nova Scotia and New Brunswick did, but Prince Edward Island did not. The debt of Nova Scotia and New Brunswick was higher, and they paid interest, but Prince Edward Island was allowed interest.

The British North America Act of 1867, under the title "Admission of Other Colonies", says:

> It shall be lawful for the Queen, by and with the advice of Her Majesty's Most Honourable Privy Council, on Addresses from the Houses of the Parliament of Canada, and from the Houses of the respective Legislatures of the Colonies or Provinces of Newfoundland, Prince Edward Island, and British Columbia, to admit those Colonies or Provinces, or any of them, into the Union—

and so on. It says there "Legislatures of the Colonies". That is the democratic method. It is clear what is meant. It had to be done by the people through their proper representatives, not by a Commission of Government appointed haphazardly for a certain term, not by seven men who were not elected and who owed duty to nobody.

Hon. Mr. Monette: May I ask what section was quoted by the honourable senator?

Hon. Mr. Higgins: Section 146 of the British North America Act of 1867.

The gross public debt of Newfoundland at the date of Mr. King's proposed terms, namely, October 31, 1947, was $82,377,047. As England had agreed to guarantee the debt, the amount due was payable in sterling which, at that time, was $4.04 to the pound. At the date of Union, namely, April 1, 1949, the rate was $2.80. With $82,377,047, less a sinking fund of $9,221,748, the Newfoundland net debt was, as of October 1, 1947, $73,155,299. However, as the rate had dropped to $2.80 at the date of Union, the net national debt at that time was approximately $50,700,000. Canada took over about $45 million and Newfoundland retained the balance of approximately $5½ million. The population of Canada, as at January 1, 1949, was 13,549,000. This included the population of Newfoundland.

At what figure the population of Newfoundland was decided, I do not know, but 400,000 would be a conservative estimate. When the voters' list for the National Convention was taken in 1947 the number of voters was 180,000, so that a total population of 400,000 should be a conservative estimate. The population of Canada apart from Newfoundland was thus on June 1, 1949, 13,149,000. At the end of 1948 the gross debt of Canada was $17,197,348,981 and active assets were $4,825,712,088. The net debt was thus $12,371,636,893. The *per caput* debt of Canada was $960.31.

The national debt of Newfoundland at the end of 1948 was approximately $50,700,000, of which Canada assumed approximately $45 million. The *per caput* debt of Newfoundland was, at the end of 1948, $125, whereas the Canadian *per caput* debt was, as I have said, $960.31.

The difference between the national debt of Newfoundland assumed by Canada and the share of the Canadian debt taken over by Newfoundland was approximately $335 million. This, at 5 per cent, would give Newfoundland an annual amount of $16,750,000.

We are forced to pay a share of all the money which has been spent to build up Canada throughout the years since Confederation in 1867.

Of course, it will be said: "Oh, yes, but your country will have the use of some of the undertakings which are still in existence. There is, for instance, the beautiful, magnificent and superb building where the deliberations of Canada are carried on, and in which we are sitting now." I would answer: "That is true, but only partly true. Let you not forget that we have to pay for the building that was burnt and restored, and pay our share of the running of this building throughout the years."

It will be said that we have the use of the Canadian National Railways. But what of the C.N.R. of the past? What of all the railway beds rebuilt? What of all the coaches and engines of the past that have been discarded? What of the tremendously heavy debt which has been paid every year on behalf of the C.N.R. deficit? Should we be responsible for this?

We have to pay our share of the terrific expense incurred by Canada on account of two great wars. We, ourselves, as an independent country, had to pay for the expenses of our efforts in the First Great War. Why should we have to pay our share of Canada's?

I am aware that we must pay our share of the Korean war, for we were then in Confederation. In that war Newfoundlanders fought as Canadians, shoulder to shoulder with Canadians of other provinces, and I am glad to say that my son was one of them. But why should we pay our share of the great projects which were carried on to develop Canada, many of which have ceased to be? There are the public wharves and the public buildings which have been torn down and restored, and torn down again and restored. We must pay our share of all the money that was paid on account of the Civil List for the employees of Canada. We must pay our share of all these, and we have received no *quid pro quo*. Is it then nothing that Newfoundland is saddled with a share of the heavy national debt incurred by Canada before Union with Newfoundland?

Would six, seven or eight million dollars for five years compensate for this?

It is not pleasant for me to have spoken as I have. I say that most sincerely. My days have been pleasant days here in the Senate, and in Parliament generally. I have enjoyed my moments here. My stay has been an experience of culture and education; I have made many friends and I have been received cordially in every quarter. It is with the utmost regret that I have spoken as I have. I thought my mind was a closed book on the matter in discussion. I did not think I would ever have to bring it up again publicly. I never thought the necessity would arise.

Much as I disagree with the manner by which Confederation was carried, much as I deplored the methods used, much as my feelings as a Newfoundlander were outraged, much as I knew that every principle of decency and justice was violated, much as I felt the fundamentals were ignored and spurned and thrust aside, I still felt nothing could be done to rectify the wrong. But the exigencies of the moment have changed all that and my mind is reopened. There comes

a time when every man must take a stand. There arises an occasion when speech becomes a duty, and silence is treason.

I was one of those who put crepe on the door of my house on the day of Union, and I am not ashamed of my action. I had witnessed and realized the degradation of a country even as I have told it to you.

Ten years after, on April 1, 1959, when the Prime Minister of Canada made the announcement which Newfoundlanders felt and claimed was not a proper interpretation of the McNair Commission's report, no mourning was made by men like me, but black bunting was put on all the public buildings by those who had brought about Confederation and attained the end irrespective of the rights of their country and their duties as citizens thereof. They can now realize that if Confederation had been properly brought about there would have been no trouble or heartbreaks today.

Newfoundland is a small province. It may be regarded perhaps as a small corporation. In dollars and cents it can be bought over and over again. In the commercial eyes of the modern world, perhaps it looms small. But politically it enjoys the rights that any other province enjoys. Socially it is the same as any other province. It holds the joys and ambitions and sorrows and tragedies of a people. It pulses with the life of a people. It is a living entity.

That a country may, by bad legislation or some economic disaster, become hopeless financially is national bankruptcy. But if a people stand idly by without raising a hand of help or deliberately aid in the destruction of their country, that is national dishonour.

And at this time of her hour of need I shall not become an accused by my silence. I have tried to say a word for Newfoundland and to put our position before you. I have told the truth and I trust that the truth shall set you free as regards Newfoundland. Too long has the truth been hidden, but it must eventually come into the open.

Truth, crushed to earth, shall rise again;
The eternal years of God are hers.

I have told you of things of which probably you were not aware. I have spoken so that the position of my country shall be clearly recognized in the future, and I have no cause to withdraw one word.

The lines of Omar Khayyam quoted by another honourable senator some weeks ago are, I think, more appropriate now:

The Moving Finger writes; and, having writ,
Moves on: nor all your piety nor wit
Shall lure it back to cancel half a line,
Nor all your tears wash out a word of it.

When the last payment of the grant set out in the bill before us today is due and payable, I trust that the Government will consider the obligation for the future of Newfoundland outlined in the bill as binding and of full force and effect and not mere surplusage and meaningless; and that, in view of the fact that Newfoundland never received the treatment that was due her, and that her rights were violated, a full, free and liberal interpretation of the words "special needs" shall be made.

I have told what I have told to vindicate the rights of my country and to rectify the wrong done her. I have called up the errors and injustice of the past to get redress for the future of Newfoundland.

Hon. Gordon B. Isnor: Honourable senators, I had intended speaking on the second reading of this bill, but in order not to delay the house at this stage I will speak instead on the third reading. Even at this late hour, however, I feel I should make one or two brief comments.

We have just been given an excellent historical picture of the province of Newfoundland. Only a keen student such as the honourable senator from St. John's East (Hon. Mr. Higgins) could place before the house such an interesting paper. However, he gave us an historical background not only of Newfoundland but also of himself, and I think he clearly showed he was not in favour of Confederation. In view of this fact I am rather surprised that he is so willing to give his blessing and approval to the bill before us. He said that mourning crepe was hung on his door after Confederation, and he referred to the black bunting of mourning which was hung on public buildings in Newfoundland after the announcement by the Prime Minister of Canada on April 1, 1959. The honourable senator said that this display was a rebuke to those who were responsible for Confederation, but I believe that people throughout the Maritime provinces, and indeed throughout the rest of Canada, interpreted this display of public mourning by Premier Smallwood and others as being one of deep regret for and dissatisfaction of the Prime Minister's announcement. I think that was the meaning taken by the vast majority of people in the Maritimes—not that given by the honourable senator from St. John's East.

The honourable gentleman said little about the bill itself. In fact, he did not even touch on the all-important part, which was so well explained yesterday by the honourable senator from Ottawa East (Hon. Mr. Choquette) and so fully covered by the honourable

Leader of the Opposition (Hon. Mr. Macdonald).

As I stated a moment ago, there are many points I would like to touch upon in this debate, but I am going to refrain from doing so for the time being. However, I do want to mention one other matter. The honourable senator from St. John's East emphasized the fact that interest payments are being made by the province of Newfoundland on its outstanding debt. Well, Newfoundland would have had to pay that interest whether it had entered Confederation or not. There is no question about that. The same is true of the province of Nova Scotia, from which I come. We had a debt at the time of Confederation. We entered into Confederation on the distinct understanding that we would pay the interest on that debt, and it has been charged against us down through the years.

While the honourable senator presented a very fine picture from his point of view, he did not present what the great majority of Newfoundlanders would consider as a very fine picture. We have heard about the delegation which came to Ottawa, carried out negotiations, and entered into a certain agreement. I propose to give tomorrow my layman's understanding or definition of what an agreement is. As to the agreement itself, I believe the people of Newfoundland must have been fairly well satisfied with the negotiators and, particularly with the Premier of Newfoundland, for they returned him to office with a very handsome majority. Certainly down through the years since 1949 they have shown their very loyal support of the same gentleman who is so widely known as "Joey Smallwood".

With that comment I will conclude my remarks on second reading.

Hon. Mr. Robertson: Honourable senators, I had intended speaking on second reading of this bill, but I do not wish to delay the house at this late hour. I am not opposed to the bill, but I have a few general remarks that I wish to make, and therefore I reserve the right to speak on third reading.

Motion agreed to and bill read second time.

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

Hon. Mr. Choquette: Next sitting.

ADJOURNMENT

Hon. Mr. Aseltine: Honourable senators, I understood from information that I was able to gather that there was a possibility Parliament might prorogue late tomorrow night. For that reason, I decided it was necessary for us to sit this afternoon. For the same reason, I think it will be necessary for us to sit again tomorrow. There will be further speeches on the Newfoundland bill, as well as on the report of the Special Committee on Land Use in Canada.

With leave of the house, may we now revert to motions?

Hon. Mr. Macdonald: Agreed.

Hon. Mr. Aseltine: Honourable senators, with leave, I now move that when the Senate adjourns today it stand adjourned until tomorrow, Saturday, July 18, at 3 o'clock in the afternoon.

Motion agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Saturday, July 18, 1959

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

Prayers.

DOCUMENT TABLED

Hon. Mr. Aseltine: Honourable senators, I table the report on the Public Archives for the years 1955-1958. (English text).

NEWFOUNDLAND ADDITIONAL GRANTS BILL

THIRD READING

Hon. Lionel Choquette moved the third reading of Bill C-72, an Act to provide for the payment of additional grants to the Province of Newfoundland.

Hon. Gordon B. Isnor: Honourable senators, you will recall that yesterday, after the honourable senator from St. John's East (Hon. Mr. Higgins) had made his excellent address on his native province of Newfoundland, I made a few brief remarks and stated that I hoped to enlarge on them today on the motion for third reading. I did that because I certainly did not wish to hold up the second reading of the bill. Nor do I intend today to throw any obstacle in the way of third reading, but, coming from the province of Nova Scotia, and being of the same mind and in the same position as I understand a good many Newfoundlanders themselves are, I thought I should give a little background material, not as brilliant as that given by the honourable senator from St. John's East, in an attempt to show the atmosphere of the 1867 period and its effect on the Maritime provinces.

I hesitate—especially after yesterday's sitting, which it could be said was ladies' afternoon—to mention my age, but I was born in 1885, about 18 years after the Confederation terms were agreed on in Nova Scotia, so I am 74 now. I recall that in my early school days the Confederation terms were a very live topic in Nova Scotia, and I think in other parts of the Maritimes. I believe that a feeling similar to that which there was in the Maritimes then exists in Newfoundland today. I remember, as I am sure every Nova Scotia senator does, that the fine Nova Scotian flag—of which our province is the proud possessor having been awarded the privilege of flying it in 1621—used to be flown at half-mast on Dominion Day. That was because of the feeling created by the terms of Confederation.

The more one reads of the history of the Maritime provinces, the more one becomes imbued with the thought that perhaps we in the Maritimes did not get what some might regard as our just dues. I was not and have never been one of those who preached blue ruin. Being of a rather optimistic frame of mind, I did not subscribe to that view, nor do I now. We sometimes hear in the Maritimes references to central and upper Canada for the purpose of creating in the minds of Upper Canadians the suspicion that everything was not as it should have been in the treatment that Nova Scotia received after Confederation. I think that same attitude exists to some extent in Newfoundland at present. This is borne out by newspaper reports and editorials.

It is very interesting to note references that were made during the debates in the other place on July 13, 14 and 15 to historical background contained in the report made in 1939 to the Honourable the Speaker of the Senate by the former Parliamentary Counsel and Law Clerk of the Senate, the late Mr. W. F. O'Connor. There one gets a picture of the feeling which prevailed in Newfoundland years ago on proposals for union with Canada.

One could not help but be impressed with the stand taken by the Premier of Newfoundland after the announcement made by the Prime Minister of Canada on April 1. I rather took exception yesterday to the manner in which the honourable senator from St. John's East referred to the draping of public buildings in St. John's with crepe on April 1. As he interpreted it, that action was a protest against Union. I stated yesterday that from my reading—my careful reading, I would say—I did not look at it in that way. It is borne out by the newspapers of Newfoundland, particularly of St. John's Newfoundland, that this was not the case. It was, rather, a case of regret at the announcement made by the Prime Minister, the Right Honourable John Diefenbaker. I think that should be made clear. There has been a great deal of misunderstanding in regard to the general situation so far as Newfoundland is concerned. To me the whole matter of the grants rests, as the bill states, on Term 29. The honourable senator from Ottawa East (Hon. Mr. Choquette) explained the bill very clearly, but after he had finished his speech I asked him to read the closing words of subclause (2) of clause 3, namely, "on the 1st day of January next thereafter".

The honourable Leader of the Opposition (Hon. Mr. Macdonald) who followed the honourable senator from Ottawa East, was asked a question by the honourable senator from Hanover (Hon. Mr. Brunt). The Leader of the Opposition was a little more polite than

I might have been, or, perhaps a little more diplomatic. I think I would have answered differently, because my idea of the meaning of the word "thereafter" is quite definite.

I looked up the meaning of certain other words—"agreement", "treaty" and "mutual understanding"—just so that I would have the meanings at hand in case I was asked any questions as to how I would interpret them. However, I will not deal with these now.

In dealing with the bill I want to refer to the feeling which used to prevail in Nova Scotia and perhaps still does to a limited extent. Just a few days ago I read in a New Brunswick paper an account of an address by Dr. J. W. Reid, a very well-known Nova Scotian doctor. I will not weary you with the account in detail, but he made one or two statements which I should like to quote.

Hon. Mr. Dupuis: What is the date?

Hon. Mr. Isnor: I am sorry to say that I was unable to find the date, but it was some time last week.

> Nova Scotia must bear some of the blame for Mr. Smallwood's unhappy position, for we who, nearly a century ago, entered the enticing garden of Confederation only to hear the iron clank of the confederate gate lock shut behind us, and see the door to the warmth, comfort and prosperity of the inner sanctum of industry slammed shut in our faces forever, have lived to see a flourishing trade done to its death by the hand of a murderous tariff; have been seen a proud and prosperous people impoverished to satisfy the greed of our "Upper Canadian" masters.

Now, I do not fully subscribe to that. I just place it on record to show the feeling which still exists in some sections of the Maritimes. I wish to create an atmosphere that will help you to understand more fairly the position Premier Smallwood finds himself in today as a result of the announcement made by the Prime Minister of Canada on April 1 this year, and the introduction of this bill by the Finance Minister a few days ago.

Dr. Reid goes on:

> When I think how this courageous man, this valiant premier, is almost single-handedly struggling with Ottawa to secure the recognition and rights of these Atlantic provinces, and how he came to Halifax to plead with Nova Scotia for moral, spiritual and political assistance in his efforts for Newfoundland, only to find our public men engaged elsewhere . . .

Further on he says:

> In the face of our strange indifference, it is not much wonder, come election time, that Mr. Smallwood seems disinclined to send many of his children to school at Diefenboys Hall, for the sting of an unjust "switch" is not a punishment that a free and able man esteems or endures!

Thus it can be seen there is some feeling in the Maritimes in respect to this bill.

On July 13, 14 and 15, during hours when the Senate was not in session, I listened to the debates in the House of Commons on this bill, and I think I can say without fear of contradiction that five of the seven Newfoundland members who spoke were wholeheartedly in favour of the idea of Confederation, as opposed to the thoughts expressed yesterday by the honourable senator from St. John's East (Hon. Mr. Higgins) who, I would take it, was very much opposed to the idea. In fact, one Newfoundland member informed me that Senator Higgins was known as an anti-Confederate and had stumped the country to make his views known. I do not say this in an unkindly way, but I want to place the two sides of the picture before the house so that honourable senators may be in a better position to judge the merits of the bill, particularly in regard to Term 29.

I mentioned that I had looked up the meaning of the word "agreement". I think it is well understood that Newfoundland and the Dominion of Canada entered into an agreement that was along the same lines as the agreement entered into with Nova Scotia and New Brunswick in 1867. I am not a lawyer, but just a plain ordinary businessman, a layman, and the interpretation I have, which was given to me some years ago by a legal firm, is that an agreement is an arrangement or contract entered into between two parties, and that legally it stands until both parties agree to discontinue it.

Hon. Mr. Choquette: May I interrupt to ask my honourable friend a question?

Hon. Mr. Isnor: Yes.

Hon. Mr. Choquette: Did the law firm which furnished this definition explain that there should be *consenus ad idem*, and that both parties must understand the terms of the agreement before it becomes a binding contract?

Hon. Mr. Isnor: Yes, I believe those were the last few words the firm used after giving me the definition in general layman's language. I think that general understanding of an agreement is as good today as it was then. However, to make certain I looked up the meaning in my office dictionary, which stated that an agreement is a mutual understanding, a covenant, a treaty, a contract legally binding all parties. Therefore I say that the agreement entered into between Newfoundland and Canada is along the same lines as the Confederation agreement of 1866. The honourable senator from Ottawa East explained what that undertaking was in the way of dollars and cents. That is set out by section 2 of the bill, which reads as follows:

There shall be paid to the Province of Newfoundland out of the Consolidated Revenue Fund in respect of the fiscal years set forth in this section, additional grants as follows:

Fiscal year 1957-58	$6,600,000
Fiscal year 1958-59	6,950,000
Fiscal year 1959-60	7,300,000
Fiscal year 1960-61	7,650,000
Fiscal year 1961-62	8,000,000

These additional grants amount to a total of $36,500,000.

Section 3 sets out when these additional grants shall be paid, and it ends with the word "thereafter". I hope now to give my answer to the question put by the honourable senator from Hanover (Hon. Mr. Brunt).

Hon. Mr. Brunt: I shall be very happy to have it.

Hon. Mr. Isnor: My interpretation is that the grants shall continue until such time as the Province of Newfoundland and the federal Government meet and decide upon some other arrangement, or until the financial resources of Newfoundland become so improved that the grants should be reduced or increased.

Hon. Mr. Macdonald: I fully agree with the honourable senator.

Hon. Mr. Brunt: I prefer the statement which the honourable Leader of the Opposition (Hon. Mr. Macdonald) made a couple of days ago.

Hon. Mr. Isnor: I believe certain questions were raised in regard to the subsidies of the various provinces. I looked in the estimates for 1959-60, and under Department of Finance, at page 23, I found that Newfoundland by statutory authority was given a grant of $1,560,133 out of a total of $20 million for all the provinces. The amounts are all set out in detail, and with permission of the house I will place them on record. The details are also shown on page 43 under Department of Finance Public Accounts.

ESTIMATES 1959-60, PAGE 23

SUBSIDIES TO PROVINCES

(British North America Acts 1867-1952 and other statutory authority)

	1959-60
Newfoundland	$ 1,569,133
Prince Edward Island	656,932
Nova Scotia	2,056,838
New Brunswick	1,679,022
Quebec	3,300,869
Ontario	3,640,940
Manitoba	2,051,584
Saskatchewan	2,089,375
Alberta	2,352,575
British Columbia	1,281,319
	20,678,587

Before the house opened this afternoon I told the Leader of the Government (Hon. Mr. Aseltine) that I had a lot of material. I have not had an opportunity since yesterday to select the most important points, but I am going to refer to some newspaper clippings, and am sure the honourable senator from St. John's East (Hon. Mr. Higgins) will not suspect I am taking these from unfriendly sources. I wish to point out at this time that when the Confederation idea was advocated by those who were responsible for it, it must have met with general favour by the great majority of the people of Newfoundland, because they have had three, or possibly four, elections since 1949, and in every case Mr. Smallwood was returned by an overwhelming majority. Certainly Mr. Smallwood could not be looked upon as an anti-Confederate. If anything, perhaps he is a little too rabid in his views in so far as Confederation is concerned. He thought he was doing a wonderful thing for Newfoundland.

Hon. Mr. Brunt: Well, didn't he do a wonderful thing?

Hon. Mr. Isnor: I think he is a wonderful man.

Hon. Mr. Brunt: Didn't he do a wonderful thing for Newfoundland when he brought about Confederation?

Hon Mr. Isnor: Oh, I think he did. That is where you differ from your colleague from St. John's East (Hon. Mr. Higgins).

Hon. Mr. Higgins: He is not a Newfoundlander, you know.

Hon. Mr. Isnor: However, I will pass that for the time being. I shall now refer to an editorial which appeared in the *Daily News*, published in St. John's, Newfoundland.

Hon. Mr. Aseltine: Is my honourable friend going to read a lot of editorials to us? I have been stopped several times for trying to do the same thing.

The Hon. the Speaker: The honourable senator is not supposed to do so. He may read excerpts, however, if they are not long.

Hon. Mr. Aseltine: It is quite in order to give a summary.

Hon. Mr. Isnor: I would not attempt to read all I have in my hand.

Hon. Mr. Macdonald: I am sure Mr. Speaker would not rule out all editorials.

The Hon. the Speaker: No. In a speech it is not permissible to read editorials *in extenso*. The honourable senator may give a summary of the arguments in editorials—that is, he may summarize in his own words.

Hon. Mr. Isnor: Thank you, Mr. Speaker. I like my own words best.

The Hon. the Speaker: We all do.

Hon. Mr. Isnor: I contribute articles to the Halifax *Herald* three days a week, sometimes six days a week. The difference between a contributor who writes under his own name and myself, who does not, is that he gets paid for his articles, whereas I have to pay for mine as though they were advertisements.

I have here an editorial entitled, "This Giving and Getting". We have heard a lot about Newfoundland being on the receiving end—getting everything and giving nothing in return. The newspaper from which I am quoting is a well-known supporter of those who were against Confederation in the early days. It takes a different view in this editorial, from which I shall now quote:

> Canada wanted Newfoundland. She needed this island to round out the dominion and relieve her from the fear of American encroachments and influence.

That was mentioned yesterday, and I think there is something in that. We all know that during World War II a 99-year lease was entered into with the United States with the thought in mind that by using Newfoundland as a base we could erect fortifications which it would be very nice to have. Similarly, in Mr. Mackenzie King's day Canada called upon Newfoundland in much the same way, as I think perhaps also the Mother Country did. The honourable senator from St. John's East referred yesterday to the Union which the negotiators took only two months to make, whereas the McNair Royal Commission on Newfoundland finances took two years to complete its report. That is not surprising, because the negotiators had as a background for the preparation of the agreement the British North America Acts, agreements and debates, which they were able to study long before, as well as the terms suggested by Mr. Mackenzie King.

Hon. Mr. Brunt: Would the honourable senator tell us what paper the editorial is taken from?

Hon. Mr. Isnor: The *Daily News*, of St. John's, Newfoundland. It is a very well-known paper.

In point of fact, Newfoundland has received nothing that is not part of the services which the federal Government provides proportionately for all provinces, or at least for certain other provinces. There are no distinct privileges accorded to Newfoundland. That is something that seems to be ignored by many who try to make comparisons with what we get from Ottawa in the way of services and returns.

Hon. Mr. Roebuck: Nor are there any distinct burdens put on Newfoundland. The taxation is the same, as well as the benefits.

Hon. Mr. Isnor: Yes, and Union has created a great benefit for the industries of central Canada, to the estimated extent of $200 million to $250 million trade per year. At one time it was suggested that Newfoundland should boycott Canada as far as the purchase of goods is concerned for the purpose of teaching a lesson to the people in central Canada and bringing home to them the fact that Newfoundland is an important part of the country.

Honourable senators, you might almost think I was a Newfoundlander instead of a Nova Scotian, but the cases of the two provinces are so similar that I feel at home in discussing Newfoundland also.

Hon. Mr. Brunt: Do you know who suggested the boycott?

Hon. Mr. Isnor: Yes, I know who suggested it. I have the information right here, if it will interest you.

Hon. Mr. Brunt: Yes, I would like to know who it was.

Hon. Mr. Isnor: It was Mr. Derrick Bowring.

Hon. Mr. Higgins: Bowring's is one of the biggest firms in the world.

Hon. Mr. Isnor: Well, that just goes to show you how big some of the people were who spoke like that. However, I am not going to labour this point. There is a lot of good material here that I could speak on, but in view of Mr. Speaker's ruling I certainly would not dare to put myself in wrong.

I would refer honourable senators to a very interesting article which appeared in the Edmonton *Journal* of April 4, 1959 and was reproduced in the St. John's *Daily News* of April 23. This article sums up the situation as understood by Bruce Hutchison, well-known Canadian writer, and I think you will agree and say that he is very unbiased in his judgment. I read:

> Let us never forget that this nation needs Newfoundland—not because it has rich economic resources yet to be tapped, not even because it introduces a valuable, lively and lovable new strain into the Canadian breed but because our dealings with Newfoundland test our true capacity as a nation, our capacity to weld together a structure of diverse minorities.

I think that is a thought we should bear in mind. We need Newfoundland, but not because of the national resources of Labrador and other parts of the province that in years to come will create added wealth for Canada.

I would like to read also a paragraph from an editorial headed "Mr. Browne's Viewpoint," in the St. John's *Daily News* of April 30, 1959:

> We get a little weary of being told by mainlanders about the bountiful generosity of the federal Government towards this province. It is a little strange this well-worn tune. His Prime Minister put a gravely distorted picture before the country when he talked recently about the large sums that Newfoundland had received.

Honourable senators, I think I have said enough in regard to the feeling that exists in Newfoundland concerning this bill. As I stated a moment ago, I did not intend to say anything which would lead you to think I was objecting to the bill. However, if it had been presented to us earlier in the session I certainly would have placed before the honourable Leader of the Government (Hon. Mr. Aseltine) and the honourable Leader of the Opposition (Hon. Mr. Macdonald) amendments designed to make clear what is meant by the provisions of Term 29 and to safeguard Newfoundland's future, and I would have sought permission to introduce the amendments. I think Newfoundlanders are entitled to know just what the royal commissioners meant by the word "thereafter". I repeat, my interpretation is that the grants should be continued at the maximum amount for a further period after 1962, or until such time as the two parties, namely, the Newfoundland Government and the federal Government, have come to some distinct understanding.

The explanatory note to the bill reads:

> The purpose of this bill is to authorize the payment of additional annual grants to the Province of Newfoundland in accordance with the scale contained in the report of the Royal Commission on Newfoundland Finances that was appointed as required by Term 29 of the Terms of Union of Newfoundland with Canada.

I am not going to vote against the bill nor obstruct its passage, for by so doing I would be adding to the troubles of Newfoundland.

I appeal to the honourable Leader of the Government (Hon. Mr. Aseltine) to convey these thoughts to the Government as representing an unbiased view of a Nova Scotian with respect to this bill, who is in sympathy with the feeling concerning it that exists in the Maritimes.

Hon. Wishart McL. Robertson: Honourable senators, I must say that I greatly enjoyed the speech of the honourable senator from St. John's East (Hon. Mr. Higgins), and I think I can understand his views, particularly since I am an anti-Confederate myself, though from a different province and for a different reason.

Concerning the legislation itself, I have no comments to make. Nothing I could say would add particularly to what has already been said here and elsewhere. But I can't help thinking that it is another demonstration of the feeling that has developed in the past, and in my judgment will continue to develop in the future, from this absurd and ridiculous situation we have allowed to grow up in Canada of one Government collecting the money and giving it to other governments to spend—governments which have had no responsibility whatever for collecting it.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Robertson: That system has turned at least eight of the ten provinces of Canada into suppliants, begging from the federal Government a part of what that Government has collected and which the provinces feel belongs to them. The process results in endless controversy and ill feeling, and in my judgment it will be worse in the immediate future than it has been in the past.

So I say to my honourable friend from St. John's East, let him have no fear that the position of his province in these financial controversies is any different from that of other provinces. His province joins very excellent company in Canada, all members of which are in the same position, in varying degree. I am not at all sure that this controversy applies to only eight provinces; it may apply to the whole ten. Ontario has recently entered into the discussion, and of course Quebec has for some time made its position felt. Indeed, I think Mr. Duplessis has shown a more logical approach to the problem than have all the other negotiators for the provinces and the federal Government for some time past. He puts it on this simple basis: "Give us our own tax area, and we will collect our own taxes and pay our own expenses. We don't want the federal Government mixing up in our responsibility for education, roads and the like."

In that attitude Mr. Duplessis is quite right. The only difficulty with his approach is that he stops in the middle of the stream. He should realize that to give the various provinces their own tax jurisdictions at this time, which would seem to any sensible man the proper thing to do, and to allow them to collect their own taxes and meet their own expenses would, under the present set-up, be inequitable, because the fiscal system of Canada is so loaded that it would give certain areas a tremendous advantage over other areas which, despite their intelligence and resources, would have no opportunity for equal development.

So, in varying degrees as it applies to the provinces, we have built up a ridiculous and absurd system in Canada. Let us look at what is going on today. Every time one

picks up a newspaper he reads of a new demand being made on the federal Government for a contribution toward some responsibility with which that Government has nothing to do, such as education, highways and many other fields.

Whether, on the ground of necessity, the responsible parties will get together, I do not know. But we have reached what might be called, if it were not so serious, a ludicrous situation. I was amused at the exchange of views at a recent conference. Mr. Duplessis said: "I don't want any more conferences; I want cash." And the Minister of Finance replied: "I feel the same way. I don't want any more conferences, but I have no cash."

It seems to me, honourable senators, that sooner or later the intelligence of the people of this country ought to assert itself, in order to make some permanent and lasting arrangement that would replace the present absurd situation.

I said that I liked the speech of my honourable friend from St. John's East (Hon. Mr. Higgins), because I was an anti-Confederate, although I came from a different province and held that view for a different reason. I understand and sympathize with what was stated by my honourable friend about the way Newfoundland was brought into Confederation. In Nova Scotia our objection to Confederation was not on that ground. It was on the ground that because Canada, geographically speaking, was a long narrow strip of land along the United States border—although at that time it consisted largely of Ontario, Quebec and the Maritime provinces—it was most certain to change our relative position in Confederation to our disadvantage.

On previous occasions I have told the Senate that I well remember my grandfather taking down the flag on July 1, reverently, I must admit, and at the same time muttering to us children who were following him that he would not allow it to fly on that day. He was right in his attitude. The system we have today, as I have said, has changed at least eight of the ten provinces of Canada into suppliants and poor relations.

Hon. Mr. Brunt: Which two are not suppliants?

Hon. Mr. Robertson: One of the provinces is the province from which my honourable friend comes; the other is Quebec.

Hon. Mr. Brunt: What about British Columbia, a very prosperous province?

Hon. Mr. Robertson: No. It is one of the eight provinces which are affected to a varying degree; each is to a greater or lesser extent in the same position.

I am suggesting that in these modern times the system has to be changed: we have to enter into a larger trading area where through its natural resources each province will be able to stand on its own feet. I am in no way casting reflections upon the central provinces because of the great advantages they enjoy, or because of their geographical location. I would say otherwise, that in the time since Confederation, with the difficulties that we have been in, we have never failed to receive most generous response on the part of the central provinces. They have contributed tremendous sums of money. They have acquiesced in all sorts of devices to ameliorate our position. For instance, there have been increased subsidies and subventions; and so far as the west is concerned, the central provinces have acquiesced in such things as the Crowsnest Pass rates. We have set up all sorts of devices; I think we have built up a checker-board of finance that would dazzle anyone who endeavoured to follow its ramifications.

That, in my judgment, is all wrong. I will go further and say that there will be no permanent settlement of this difficult financial position we are in today until our fiscal position is changed. I will go still further and say that there will be no satisfactory settlement of the economic position of this country until we in Canada have joined some larger trading area and follow the pattern of what is happening all over the world today. It is just impossible for a country of 17 millions of people to continue as a self-contained unit, and to put the tax burden upon the consumers of the country. The basis for that statement is apparent in what is happening elsewhere throughout the whole western world.

So, I say to my honourable friend that I am interested in his position. I have not the slightest intention of commenting further on this specific legislation, but I believe that unless the present system is changed there will be enormous bitterness and countless controversies between the provinces and the federal authority as to the division of revenues, and all of that will injure and delay the real development of Canada, economically and otherwise.

Hon. Mr. Higgins: Honourable senators, I rise on a point of privilege. I hope honourable senators will not mind my saying one word in answer to remarks of the honourable senator from Halifax-Dartmouth (Hon. Mr. Isnor), who stated yesterday:

> However, I do want to mention one other matter. The honourable senator from St. John's East emphasized the fact that interest payments are being

made by the province of Newfoundland on its outstanding debt. Well, Newfoundland would have had to pay that interest whether it had entered Confederation or not.

With regard to that I say, first, I never emphasized the fact that Newfoundland was making interest payments; secondly, I never said it was a fact; thirdly, it is not a fact. I thought my remarks were quite clear, so clear that nobody could misunderstand them on that point. I said the *per caput* national debt of Canada was $960.31, and the *per caput* debt of Newfoundland was $125. So why should we have to pay interest the same as Nova Scotia did?

Hon. Mr. Isnor: If I may be permitted I would answer that.

Some Hon. Senators: No.

Motion agreed to and bill read third time and passed.

LAND USE

REPORT OF COMMITTEE ADOPTED

The Senate resumed from Thursday, July 16, the adjourned debate on the motion of Hon. Mr. Pearson for adoption of the report of the Special Committee of the Senate on Land Use in Canada.

Hon. Henri C. Bois: Honourable senators, I do not intend to speak at length on this matter. I merely wish to draw your attention to certain aspects of the task which was intrusted to the Special Committee on Land Use in Canada. In so doing my only objective is to contribute, to the extent of my ability, to the creation of a more favourable climate of public opinion concerning farmers in general, and, more particularly, owners of marginal lands.

This condition is indispensable, in my opinion, to the successful conclusion of the work of this committee. But, first of all, I wish to offer my congratulations to the honourable senator from Lumsden (Hon. Mr. Pearson) who brilliantly presented this report. I wish also to congratulate our Civil Service collaborators upon the efficiency and devotion they have shown.

The problems caused by farms with low or insufficient revenues are not new. Those who have studied the history of agriculture in all countries know that the difficulties encountered by a certain category of farmers have been the subject of detailed research from time immemorial. That they were encountered several thousand years before Christ is proven by archaeological discoveries. The Greeks and Romans, as is evidenced in their writings, were intent upon improving the living conditions of the small land owners. Similar efforts were attempted during the Middle Ages, and during the Renaissance period, and are still being attempted today in most of our countries.

This is not a problem peculiar to Canada, or to any of its provinces in particular. This is a world-wide problem which exists on a permanent basis with, from time to time, more acute crises resulting from many causes, political, social and economic, or simply a rapid development of industrial and technological sciences which spurs industrial expansion and often interferes with the progress of agriculture.

Thus, in the United States there are approximately 2,700,000 farms whose cash revenue is less than $2,500 per annum, and those farms contribute only 9 per cent of the total sales of agricultural products in the United States. In this figure are included 576,000 so-called farms which are operated on a part-time basis, and 897,000 farms which are termed "residential". How many of these 2,700,000 farms really belong to the category of farms which produce insufficient revenue? John D. Black of the University of Harvard in 1956 estimated their number at 1,800,000.

After having attempted to establish the exact situation in this country the Special Committee on Land Use in Canada stated in its report:

> All the evidence presented to the committee indicates that it is impossible with our present knowledge to give a precise answer to the number of problem small farms in Canada and in the different provinces.

There are three main reasons for this conclusion:

1. There is no general agreement as to what constitutes a minimum acceptable standard of living.

2. Full information with respect to non-farm income, that is, income obtained from work off the farm, is not available.

3. Statistics are not available in sufficient details to show the number and location of these farms. In the end, it was decided to take the figures of the 1956 Census of Agriculture, which show that 20 per cent of all farms in Canada are non-commercial farms with an estimated potential gross annual value in production of crops and live stock —including farm products consumed in the home—of less than $1,200. There were 120,242 of these farms in all Canada. I think this figure is as accurate as any that can be established.

A problem arises when one wishes to determine just what is meant by the word "acceptable" or the term "reasonable standard of living". How does $1,200 a year permit a standard of living which is either reasonable or acceptable?

There are other values besides material values. Down through the years a certain mode of life was developed in the civilization of older countries, and even in our own country, but this mode of life has disappeared, much to the regret of most sociologists. One sure fact is that in the Maritime provinces and the province of Quebec, as well as in the older districts of Ontario, one can still find people who have contributed, or whose parents have contributed, in no small measure to the progress of our country. Those persons are, or were, natives of districts where farm revenues have never been very high. It seems that we should revise our opinion and appreciation of this class.

I also wish to emphasize the following point. Many people think that the decrease in the number of farmers is a bad omen. On this subject it will be noted that any increase in the production capacity of farmers necessarily leads to a reduction in their number unless, in my opinion, unlimited markets are made available on a permanent basis. This is not the present case, which cannot continue on a permanent basis. A growing number of farmers' sons and daughters are benefiting from technical progress in the agricultural domain, and they must find employment that is useful to the community while earning a decent living. The decrease in the number of people whose work and services are necessary to satisfy the primary needs of their fellow-citizens is a good measure in itself. This migration from the farm must proceed in an orderly fashion so as to allow those who so migrate to find a proper abode in town or elsewhere.

(Translation):

Honourable senators, desirable though this move is, it must be a planned one—and planned it can be! You must think of these people not so much as guilty parties, but rather as victims. I do not wish to lay an indictment. There are all sorts of causes for this emigration. I will mention one about which I can certainly not be reproached in any way, and which is quite uncontroversial. I am speaking of a purely historical cause which has given rise to our present complaining; it arises from scientific, industrial, commercial, agricultural, and other changes. When the East of Canada was settled, the opening up of the thick forests, so hard to clear, and situated on land even harder to develop, required many years of hard work. One can well imagine that it took a lifetime to develop a lot of, say, 75, 100, or 120 arpents (the normal sizes of the first concessions). For decades these people had no opportunity of economizing. On they went, handing down from father to son, and some of these families have remained in the same lots, in Quebec, for a matter of two, two and a half, three centuries, and I could give you the names of families of some of my colleagues whose forefathers were among the first settlers. These people lived, economized, and took part in the country's activities, and they gave of their best. The type of life they had to adopt, and the obligation they sensed of developing all the standards necessary for success as settlers, made sterling men out of them.

And it is today the descendants of those who, I would say, were the most resolute in playing their full part, who, impoverished by the competition from other parts of the country and unable to keep abreast of developments because of lack of capital, these are the people who, today, are so disadvantageously placed.

And one can wonder how it is possible to help them. Can you take a farm, say, in the south-east of Quebec or the Maritime provinces, of 80, 90 or 100 arpents, and make a going concern out of it? It can be done.

That has been quietly going on for more than 30 years in Quebec, without capital, in that there is no specific type of credit, and the people give of their best in endurance, courage and intelligence and manage to do what they are told.

This undertaking comes under the Department of Agriculture; it has been called—I don't know why—"Concours de Fermes"—farm competition. Eight thousand Quebec farms have been thus affected, and the results achieved so far have been more than satisfactory.

That is an initial solution. Is it as rapid, as effective as it could be, if assistance came from elsewhere? I think one would do well to enhance these farms by giving more attention to their financial requirements, while at the same time it would be advantageous to "organize"—and that is a word which can provoke prolonged discussion in Quebec, but I use it just the same—to "organize" the employment placing of the sons and daughters of farmers who, for a host of reasons, cannot or do not wish to stay on the land, or at least to do agricultural work. This would not be very expensive, but it would still entail some disbursement on the part of public authorities, whether municipal, provincial or federal. It would be a matter of looking after departures. After taking note of the ability of each person, as I said a moment ago, they would have to be guided toward other occupations of their choice,

and given training facilities in industry or elsewhere for the kind of work these farmers' sons and daughters wanted to do. Care would also have to be taken to preserve the homestead, to promote its development, its earning potential, its credit facilities—not the sort of credit which is granted on the mere filling-in of a form, but rather after consideration of each case and under supervision as to its use. In other words, the necessary money should be placed at the disposal of the farmer and the use he makes of it supervised. By the same token, men who had the ability to do this work would also have to be trained. There are some in all the provinces, but maybe not enough of them.

And finally, the public and the public authorities would have to stop considering these people as misfits who have not managed to make a success under conditions where others have, which, psychologically speaking, is a great hindrance to the accomplishment of that kind of work.

Some of this work has already been done and, if I may be allowed, I would like to speak of a personal experience. About thirty years ago I was searching for means of increasing the farm income in some poorer districts. In many cases, I could find absolutely nothing which could improve the lot of these people, who lacked both money and technical training, although they were as honest and had as much courage as anyone else, and were able and willing to work.

I moved a few. As far as I can remember, there were eleven of them and out of that number only one met with failure. All the others succeeded magnificently because they had better lands and because they had not lost the habit of working.

Although it may not be conclusive, an experiment of the same kind is conducted in the case of veterans' re-establishment on the farm. Veterans are granted loans and the use to which they put the money is supervised and directed.

So that this inevitable emigration could be channeled, and directed, it could operate in the interest of the country, provided it is properly co-ordinated.

Those people cannot be forsaken. We older people know what that means. Most of them have reached the end of their tether.

It is high time that we thought of establishing them under more favourable conditions, in order that they may become happier citizens and fulfil their task more easily.

I would like to quote an extract from a brief which, to my mind, summarizes very aptly the farmer's insecure condition, for which he is not alone to blame. This brief was submitted by the two main farm organizations of Quebec: *La Coopérative fédérée de Québec* and the *Union catholique des cultivateurs*. It has even been said that the virtue of prudence which characterizes the farmer takes its origin in the insecurity of his condition. I quote:

> Being required to make advances in the form of work or of capital, uncertain as to the result of his work, dependent upon the qualities or faults of the land he tills, exposed to the havoc which insects and disease may bring to his crops and livestock, the farmer must also very often resort to his own ingenuity to protect himself against the vagaries of the weather: late seeding because of cold or rain, damaged crops because of excessive rainfall, early frost, etc.

I could hardly give a more concise explanation of the farmer's insecurity and of the fear that accompanies it. Some may see there the source of the farmer's sense of thrift. He never knows in the spring, however great may be his capital advances or the quality and cost of the work he has done, what he will reap. He may hope for the best, he may make an average estimate and he does, but still he may lose his crop. That may have been his experience for several years when his crops were destroyed by insects or disease which he did not manage to control, or by bad weather. He has to take things as they come and pay the cost. But his fixed charges remain, as do his family obligations. It must be recognized however, that he generally pays his debts as faithfully and as quickly as anyone else. He can claim no tax deduction because the farm is not up to scratch, or because it was not a good season or because markets were not favourable.

In short, and this is what arises from the report which my honourable friend from Lumsden (Hon. Mr. Pearson) introduced, the basic problem is that the farmer, for a host of reasons—some of which may be under his control, but many of which are quite beyond his control—finds himself in receipt of a portion of the national income which he considers too small or inequitable.

And furthermore, it is hardly creditable to us that we have not been able yet to find a method other than that of leaving men prey to harsh economic laws. We are told it is "the survival of the fittest". We should know the exact meaning ascribed to the word "fittest", if we are not to argue at cross purposes. First and foremost, it is not Christian

to leave men to the play of economic laws, nor is it a social proposition. What is called for in the report of the Committee on Land Use is that the problem be looked at in another way. That is to say, we should look at things as they are—rather than as we would like them to be. In broaching the problem in this way, and in seeking its solution earnestly, I think we will succeed. And in saying this I believe I express the opinion of the committee members. We would manage to keep a large agricultural community, which no doubt would become smaller as time went on, but it would be pleased with its lot, and able to play its full part in our country's life.

(Text):

Hon. Cyrille Vaillancourt: Will the honourable senator permit a question? He said at the beginning of his speech that in Canada there are 120,000 farmers who have incomes of less than $1,200 a year.

Hon. Mr. Bois: Yes, and there are 36,000 or 38,000 in the province of Quebec.

Hon. Mr. Vaillancourt: Honourable senators, our colleague from Montarville (Hon. Mr. Bois) has delivered a splendid speech and I congratulate him. I hope all honourable senators who do not understand French will read the translation of his speech in *Hansard*.

Our colleague is a well-experienced agronomist in the province of Quebec. He has worked with farmers all his life, and as a result knows not only the work farmers have to do, but he knows soils. In addition, he was general manager of a big co-operative association in the province of Quebec known as the *Co-Opérative Fédérée de Québec*. He therefore knows the problems of the farmer from all sides, the practical side, the working side, and the revenue side.

I hope that in future our colleague will favour us with more excellent speeches such as the one he has given this afternoon.

Hon. Austin C. Taylor (Westmorland): Honourable senators, I will say just a few words, as I do not wish to delay adoption of this report. I rise at this time because the honourable senator from Lumsden (Hon. Mr. Pearson), the Chairman of the Land Use Committee, is not here today.

I will not attempt to repeat anything that has already been said by both the chairman of the committee (Hon. Mr. Pearson) and the vice-chairman, the honourable senator from Montarville (Hon. Mr. Bois), because each has given a clear-cut account of the workings of the committee. I do, however, want to express one thought. I am a little disappointed in the progress that this committee has made, having been functioning now for some two and a half years. The recommendations of the committee have not been too clear, concise, or definite.

I reach that conclusion perhaps by reason of the fact that I have worked in the field of development and administration of agriculture for a quarter of my lifetime or more, and I probably see more clearly than do some other members of the committee the absolute need of agriculture. To illustrate what I mean I would like to give this reference: We have the Prairie Farm Assistance Act, for the benefit of western Canada. We have for the benefit of the Maritime provinces the Maritime Marshlands Reclamation Act. Now, we should be able to recommend to the Government one national farm assistance act with sufficient flexibility that it could be applied to any problem such as, for instance, the conservation of water in a dry area, or the procurement of water in another section, or the matter of soil conservation, a problem that is becoming quite serious in certain sections of Canada. The problems are numerous and complex.

As it is, the committee felt it was not in a position to make definite recommendations at the present time. I do hope that in the future this committee will be given sufficient time to study our farm problems more thoroughly and completely, and to review, if necessary, what action is being taken to solve the problems that exist across Canada, so that some definite recommendations can be made. Because of vast technological advances that are going on continuously and changes which are taking place rapidly, it is quite difficult to make recommendations on a long-term basis, but I think there are one or two problems on which the committee should take a definite stand.

But my main purpose for rising at this time, in the absence of the chairman of the committee, is to point out that several provincial departments of Government were inadvertently omitted from the list of witnesses heard and set out in the appendix to the committee's report as printed in our records. I would ask that the names of the witnesses omitted be now incorporated in both *Hansard* and the *Minutes of the Proceedings*, so that

the persons concerned will not think we have forgotten them or failed to give them full credit for their contributions to the study made by the committee.

The names omitted are as follows:

Printed Proceedings No. 8

Mr. J. Ferguson, Past President, Ontario Federation of Agriculture. Mr. Kirk, Secretary, C.F.A.

NOVA SCOTIA DEPARTMENT OF AGRICULTURE AND MARKETING

The Honourable E. D. Haliburton, Minister.

Printed Proceedings No. 9

BRITISH COLUMBIA DEPARTMENT OF AGRICULTURE

The Honourable M. P. Steacy, Minister.

NEW BRUNSWIK DEPARTMENT OF AGRICULTURE

Mr. R. D. Gilbert, Deputy Minister.

Printed Proceedings No. 10

MANITOBA DEPARTMENT OF AGRICULTURE AND CONSERVATION

The Honourable E. F. Willis, Minister. Mr. L. B. Kristjanson, Extension Economist. Mr. J. Parker, Director, Soils and Crops Branch.

Printed Proceedings No. 11

ONTARIO DEPARTMENT OF AGRICULTURE

Dr. H. L. Patterson, Director, Farm Economics and Statistics Branch. Dr. N. R. Richards, Head, Department of Soils, Ontario Agricultural College.

For complete list of witnesses, including those named above, see p. 1087.

Report adopted.

INFLATION

REPORT OF FINANCE COMMITTEE—DEBATE ADJOURNED

The Senate resumed from Wednesday, July 15, the adjourned debate on the motion of Hon. Mr. Emerson for adoption of the report of the Standing Committee on Finance on the Threat of Inflation in Canada.

Hon. Mr. Aseltine: Honourable senators, I understand that the Honourable Senator Monette would like to say something with regard to this report, but he can only do so with the consent of the Senate. The order now stands in the name of the Honourable Senator Hugessen.

The Hon. the Speaker: I am sure the Honourable Senator Hugessen would yield to the Honourable Senator Monette in this instance with unanimous consent of the Senate.

Hon. Mr. Macdonald: Honourable senators, that is agreeable, on the understanding that if the session goes over into next week Senator Hugessen will not lose the right to speak.

(Translation):

Hon. Gustave Monette: Honourable senators, the Senate is just about to finish its very important task concerning the general economy of the country. Our Finance Committee has now brought to a close its inquiry into and consideration of the question of inflation, which gave rise in Parliament, and especially in our Chamber to a discussion of very high calibre and awakened a large number of our parliamentarians and, indirectly, some public opinion.

As early as January of this year, as may be seen from page 33 of the Senate *Hansard*, the Leader of the Opposition in this Chamber (Hon. Mr. Macdonald) pointed in most serious though well-guarded terms to the danger of inflation which, in his opinion, was beclouding the future of our country.

(Text):

Honourable senators, I was just saying in French that in January of this year the honourable Leader of the Opposition, (Hon. Mr. Macdonald) was pointing in most serious, though well-guarded, terms to the danger of inflation which in his opinion was beclouding the future of our country.

He said:

> But the Government must give leadership, and that cannot be done by minimizing the importance of this problem, or by saying, for example, "It isn't as bad as some people think", nor by calling it "really only creeping inflation". In combatting the rising tendency the Government must give the necessary leadership, and people are expecting that leadership from the Government.

He continues:

> The former administration did face up to that issue and give the necessary leadership. When the present administration came into power it adopted a financial policy which was a direct reversal of the policy of the former administration. And with what dire results! I have not any doubt, honourable senators, that if the present administration had followed the financial policies of the St. Laurent Government under its able Minister of Finance, the Honourable Walter Harris, we should not have had either the unemployment or the inflation which today beclouds the future of our country . . . today we are seeing an upward spiral of inflation during a period of recession and high unemployment. That is where the danger lies.

Honourable senators, that was an important, and no doubt sincere, warning implying serious fears about the economic future of our country, especially in the hands of the present Government. The reading of it in

retrospective does not diminish the admiration and great esteem I have had for the honourable senator since I was called to this house. His fears may now appear to have been too great at the time; but they were expressed sincerely, in a high sense of duty.

After that warning the question of inflation has remained in this house under constant consideration. So on February 25 the honourable junior senator from Winnipeg (Hon. Mr. Wall) moved that our Standing Committee on Finance be instructed to study this question of inflation. Speaking on the motion, he said:

> It is an insidious technique of literally stealing money without the embarrassment of identifying the victims or too closely pointing out the beneficiaries. Holders of savings accounts, bonds, pensions, annuities and insurance policies are being systematically and inexorably victimized. Only the organized, the influential and the knowledgeable, and governments, are able to benefit from these extra dollars, and they do so, wittingly or unwittingly, at the expense of their weaker fellow citizens who are not in a position to enforce their just demands for an equitable share of this inflated national product.

I have already expressed myself with regard to that paragraph, and I need not comment further.

The motion was debated in this chamber for a long time. A great number of speeches were delivered on the subject, many of them quite severe and apprehensive, some not so discouraging, but all of them, no doubt, sincere and showing great attention to the interests of our country.

The committee was ordered to hold the inquiry, and it has just presented its report, which is attached as an appendix to *Hansard* of July 14.

I read from the first page of the committee's report:

> The committee sought the assistance of both competent individual authorities and of representative groups in the community.

The committee heard some 44 witnesses.

Reading further from the report:

> The evidence placed before the committee, as published in its proceedings, does itself constitute a most valuable contribution to the discussion and elucidation of a problem of great social and economic significance to the future welfare and progress of our country.

Honourable senators, I need not try to add anything to the atmosphere of satisfaction, which no doubt is unanimous in this house as to the exhaustive search made by the committee, the clear and most substantial conclusions of the report, expressed in adequate and impressive language. And I wish to join in the remarks made in this respect by the honourable senator from Shelburne (Hon. Mr. Robertson) and the honourable senior senator from Winnipeg (Hon. Mr. Haig).

I wish to refer to some very important remarks made by our colleague from Shelburne. The honourable gentleman has had an outstanding career in public life. After having served in France in the First Great War he was elected a member of the Nova Scotia Legislature, where he remained until the provincial general election of 1933, in which he was not a candidate. He was summoned to the Senate in 1943, and in the same year was elected President of the National Liberal Federation of Canada. Two years later he was appointed Government Leader in this house and a member of the Privy Council, and in 1953 he was elevated to the Speakership of the Senate, a post he filled with great dignity and ability up to the change of Government in 1957. He had also been elected President of the Canadian NATO Parliamentary Association in May 1954, and Chairman of the Conference of NATO Parliamentarians in Paris in 1955. Since I was called to this house, in 1957, I have been constantly impressed by the dignity of the honourable senator, his devotion to the interests of the country, and the remarkable speeches he has made from time to time on many topics of paramount importance. It seems to me that his remarks on the report of our committee dealing with the so-called problem of inflation must be given great weight. On page 1052 of *Hansard* the honourable senator is reported as having said this of the report:

> It presents evidence that over a long period of time increases in the price index generally associated with wars have been compensated by corresponding decreases and have not interfered with great economic growth and development. It comes to grips with the extraordinary conditions that have persisted in Canada since World War II, in which from 1946 to 1958 there has been an overall rise in the consumer price index of 47.5 per cent or 3⅝ per cent per annum. For the past 12 months there has been no appreciable change in the price level.

This, honourable senators, is a fair statement of what is expressed in the report itself. It is there made clear and definite as a fact that this overall rise in the consumer price index of 47.5 per cent has taken place during a period of 12 years, that is, from 1946 to 1958.

We also should give credit to the honourable senator for having made it clear at the same time that:

> For the past 12 months there has been no appreciable change in the price level.

That comment also is very fair, though I might add that the change, not appreciable, as he said, was nevertheless on the improvement side. The process of inflation had been checked.

The honourable senator from Shelburne also commented on another conclusion of the report, that is, the increase of about 46 per cent made by wage earners in their real income, over that period of 12 years. As to that conclusion he said:

> It seems to me to say that organized labour has not only received an amount equal to the rise in the cost of living, but an amount in excess of that, which amount represents almost the whole increase in productivity in manufacturing. Further, it seems to say that the increases in wages and salaries compare favourably with increases in dividends.

The honourable senator continued:

> The point I wish to make, and I regard it as a vital one, is that there might not be as great an advantage in increased prices as there would appear to be at first sight. Our experience over the past twelve years would seem to be that any gain which took place through increased productivity in manufacturing was to a large extent taken up by wages. I hasten to assure honourable senators that it is not my attitude that labour is not entitled to as much as it can get. Indeed, under our competitive system everybody tries to get all he can. But I suggest to honourable senators that if we are to look forward to a period when the consumer will get no benefit whatever, and capital will stand to gain nothing, then the question will arise as to how long the consumer will put up with that condition before he looks for his requirements outside Canada, and before capital begins to think of more profitable places in which to invest.

Again, I am honoured to join in those remarks on the incidence of increase in wages in relation to the whole issue of inflation. In fairness to labour and capital, as well as to the consumer, this problem of the spiral of increases, in wages as well as in the cost of living, has to be made the subject of a very serious and impartial, but firm, investigation. The Government is the supreme power in the nation. On the other hand, labour and, most particularly and distinctly, labour unions, have a power which, due to the importance of majorities in the Parliamentary system, is becoming more and more a state within the state, if it has not already become so—a power distinct from the Government power—and that may appear to be one of the biggest problems confronting our society at this time.

I wish to assure the honourable senator from Shelburne that the veiled implications of his remarks have been well noted and understood, not only by myself but, I am sure, by all honourable senators. No doubt, we all feel that they are, and will be, considered by all persons in authority.

Again, it is worth noting that this state of affairs about steady increases in the real income of wage earners, and the corresponding increases in the cost of living, is distinctly admitted as having obtained during the whole twelve-year period above-mentioned.

I am also deeply impressed, as is the honourable senator himself, by that part of the report illustrated by chart VIII therein reproduced, and showing:

> —the substantial decline (nearly 40%) which has taken place over the post-war period in real value of incomes and investments which were fixed in money terms in 1946. The groups affected by this loss in real value, averaging 3.8% per year, include bondholders, owners of mortgages, pensioners, onwers of life insurance policies, owners of savings accounts in banks etc. The number of persons included in these groups is very large. The committee was informed in the submission of the Canadian Manufacturers' Association that there are "between 1.75 million and 2 million persons covered by employee pension plans; 9.5 million individual savings accounts in the chartered banks; over 2 million owners of Canada Savings Bonds." Mr. A. R. Poyntz, President of the Canadian Life Officers Association, told the committee that "More than eight million Canadians owned $38.6 billion of life insurance at the end of 1958." The Investment Dealers Association in their submission to the committee estimated that "At the end of 1958 there were outstanding some $24.1 billion of Canadian bonds, an estimated $9 billion of mortgages, and $6.8 billion of personal savings deposits . . . a total of $39.9 billion . . . " The size of these figures serves to give some indication of the substantial losses which are brought about by the decline in the real value of money, and of the large number of people who are affected. Of course, the losses of the investors accrue to the benefit of the debtors. The difficulty is that in large part these are not the same persons. In other words the erosion in the real value of money has, over a period of years real value of money has, over a period of years, income, not as the result of deliberate policy, taxation, or productive effort, but, as the silent outcome of the subterfuge or inflation.

One cannot appreciate better than I do the guarded expressions therein used.

On that very serious point the honourable senator from Shelburne made this very serious comment:

> Honourable senators, to me that is most startling and damning evidence of the unfairness and inequity of inflation and the erosion of the dollar, particularly to those who can least afford it. Considering the tremendous number of people who are affected, I am amazed that there has been so little reference to it in Parliament, and particularly in the other house. We in this chamber are not supposed to be near the people. It is the members of the House of Commons who are the elected representatives. Here is a robbery that has been taking place, a robbery even more serious than ones that are given headlines in the newspapers day after day, and there has been hardly a word about it. It is to the everlasting credit of this committee, and indirectly, of the Senate as a whole, that they have championed the cause. Whatever else they may do they have at least brought to the attention of the public this situation which has been developing. I put to honourable senators this question: What do you want to do in the next twelve years? I ask you if we want to sit here, and if the authorities in this country want to sit here, and let another 40 per cent be taken off the investments and pensions, and everything else in this country? Can we afford to do that?

Those are very severe, but sound, warnings. In this respect I hope I do not appear to be

unjustified if I again remark that this "substantial decline" in real value of incomes and investments has been, according to the terms of the report itself, taking place "over the post-war period", particularly in incomes and investments which were fixed in money terms of 1946. The whole conclusion of the report as to that decline in incomes and investments covers the full period already mentioned between 1946 and 1958, and it is to the undisputed credit of the honourable senator that he had the courage to refer to the matter in such clear terms.

From all those facts, the honourable senator concludes, quite properly:

—this kind of thing cannot go on indefinitely or it will result in a chaotic condition which will destroy everything we have known and cherished in this country.

He now comes to a solemn conclusion and warning:

I have not the slightest doubt as to what will happen to the administration of the day, but I am not too sure who would take its place. It could well be a group whose viewpoints are entirely different from those shared by honourable members on both sides of this house. Let us remember that we have a most serious problem on our hands. I am probably as partisan as anybody in this house, but I am prepared to give the present Government my wholehearted support in any organized campaign to awaken the public to the seriousness of the situation with which we are faced. By the same token, I think it is reasonable to say that if nothing is done by the Government, I certainly am going to use every power at my command to criticize the Government.

Here, honourable senators, I feel quite embarrassed in view of the great admiration and esteem I have for the honourable senator. Most certainly I do not want to cast any doubt on the fairness and unbiased integrity of our honourable friend. Yet, in view of the plain fact that all along, the committee and the honourable senator himself have asserted that this whole process of so-called inflation has been going on steadily, at least over the whole period of 12 years from 1946 to 1958, though there was a slight favourable change in the last year, I cannot but assume that the honourable member must have intended to direct his remarks and warning not only to the "administration of the day," as he put it, and not only to the group that may be in power in the future, but also, if not principally, to the previous administration, during whose term, specially from 1946 to the middle of 1957, the process of inflation was going on continuously and so badly.

I hasten to say, however, that possibly this result may not be attributed to a distinct fault of the previous administration nor of the present one. But, if there has been any fault, if there has been some government responsibility in the matter, I beg leave to speak frankly, though with great respect, and state that out of those 12 years of so-called continued inflation, 11 of them were under the previous regime, while less than one came under the present administration. And it is admitted, as we have seen, that in 1958 inflation was checked at least for the time being.

True, the evils created by those eleven years of inflation have not yet been eradicated, but they have been checked. The process of curing and eradicating may take some years. However, it may well occur that "the administration of the day" will be clearly credited, when time comes, by the people of Canada for having in so short a time created economic conditions which it is now hoped, though with no certainty, will bring quite an important development in the economy of the nation. One can find the idea of such a hope on the first page of yesterday's edition of the Montreal *Gazette*.

Honourable senators, it is far from my mind to make, on this particular point, an insinuation as to any spirit of partisanship in the remarks of the honourable senator from Shelburne. It was perfectly his right and duty to give the warning he gave; it is even clearly understandable that he directed his warning only to the Government of the day. However, in case his remarks might have been construed in a way that would not give full justice to the political fairness of our honourable friend, I thought he might agree with my humble submission that the words he directed at "the government of the day" he might also have directed, though discreetly at the time, at the previous Government.

At this juncture, may I recall that in June 1956, before the new administration came into power, the Senate's Standing Committee on Finance, then presided over by the late Senator Hawkins, and of which, if I am not mistaken, the honourable senator from Shelburne was a member *ex officio*, presented a report on inflation, in which it recommended as follows:

Your committee gave some consideration to the danger to Canadian export markets inherent in the inflationary trend, with its higher costs of production.

The danger inherent in this trend is immediately obvious. The ability to compete successfully in foreign markets is based, to a large extent, on the domestic cost of production, and increases in the latter cannot help but have damaging effects on the former.

Your committee feel that a study of all production costs should be made if these inflationary trends are to be curbed and if Canada's valuable export market is to be safeguarded. An exhaustive inquiry into this subject at the next session of Parliament is strongly recommended.

I have great pride in pointing out that this report reflects at this moment great credit upon this house, its Finance Committee and,

in particular, upon the honourable senators who sat on that committee: they foresaw the danger of inflation and recommended a very exhaustive inquiry into the matter. Unfortunately, at the next session, which took place at the beginning of 1957, when the former administration was still in power, that report was for some unknown reason not implemented. One cannot assume, however, that it was the desire of the Finance Committee not to do the work it had so earnestly recommended be done.

Honourable senators, I have just another point to deal with. It is said in the present report of the committee, as appears at page 1054 of *Hansard*:

> Authoritative witnesses emphasized to the committee that adequate tools of monetary and fiscal policy for the control of persistent inflation are available. We can muster the will and determination to use them. With the necessary will there is no cause to fear that inflation is inevitable, especially in the present circumstances when supplies of goods and resources are ample.

Let us all agree with the report as to what those witnesses said and their honest belief in the possibility of controlling inflation, particularly in times like these. Let us not forget that on that point the report merely set out what the witnesses said.

However, there is one paramount circumstance—I may say catastrophe—that Government cannot definitely control, namely, war and the consequences of war. For a long time we have realized that war may be imminent. That imminence, in spite of constant vigilance by governments involved, cannot always be controlled or subordinated to our will for peace. The consequences of war, as everybody knows, are unpredictable; they cannot be determined in advance. In great world wars such as we have witnessed in our time the extent of loss and destruction might well go beyond expectation. The state itself could be destroyed; humanity could almost be annihilated, at least in some large areas of our planet. If war is to be declared again it will be the duty of our Government, as well as of other Governments, to do everything possible to save us from defeat and destruction, even at the risk of disrupting our economic structure for a century or more. Our prime necessity will be to save our life as a nation, our lives as citizens, and the lives of all those who are dear to us. That obligation may be so urgent as to supersede our desires, important as they may be, to save our economy, our manufactures, our labour facilities, and our dollars. In that connection, it is quite in point to quote another part of the report of the committee to which attention has not been sufficiently given. I quote:

> These movements in the general levels of prices in the three countries may be observed in Chart I. It will be seen that over the past 150 years there has been no persistent trend. There have been long periods of relative stability and of decline as well as sharp upward movements. It is apparent that the major upswings were associated with extraordinary events, especially wars. It is strikingly evident that the effects of the Napoleonic wars, of the American Civil war and of World Wars I and II have been the prime causes of all the pronounced increases in the price levels which have occurred.

If we again look at Chart I we will at once observe the accuracy of this terrible conclusion that the occurrence of world wars is unpredictable, and that, once launched, their consequences on the economy and on the survival of nations are almost uncontrollable and illimitable.

Let us hope that Providence will spare us from any such new world-wide catastrophe, and especially from a nuclear war. Let us not in this house have a tendency to impute to the governments of the day the responsibility for inflationary disturbances resulting from wars. Let us bear in mind that, according to the terms of the report, "the prime causes . . . of all the pronounced increases in price levels" have been great wars, the periods of which have exactly corresponded to the respective periods of inflation.

Honourable senators, in this Upper Chamber, where at the invitation of our Speaker, we all pray daily to the one God of the Bible, the God of the Jewish and of all the Christian faiths, let us beg Him to surround us more and more with His Supreme Providence in our legislative endeavours, in our hopes and efforts for the good of our country, and in our fears of the catastrophe of uncontrollable events. Let us humbly feel we all remain in the hands of the Almighty.

May I ask honourable senators to allow me to make at this stage a remark I had in mind to make earlier about the speech delivered by the honourable senator from Montarville (Hon. Mr. Bois). I greatly appreciated his speech also and am well aware of his valuable contribution to the work of the committee. I knew him when I had a farm, and when I asked for his advice he came and gave it to me. My only difficulty was that I could not follow intelligently all of his remarks, but as was said by the honourable senator from Kennebec (Hon. Mr. Vaillancourt), he is very competent, not only as a practical farmer and grower, but also as a technical man, sometimes giving advice ahead of his time. I am glad that he found it convenient to deliver his speech, which will no doubt be of great help to the farmers in this country, particularly in the province of Quebec.

Hon. L. M. Gouin: Honourable senators, I wish to say a few words on the subject my honourable friend from Mille Isles (Hon. Mr. Monette) has just discussed with such accuracy and, indeed, eloquence.

This subject is of such importance that I would not like to remain silent. I am only sorry that I did not have time to prepare an address which would do full justice to a problem of such difficulty.

First of all, I would like to plead, so to speak, the cause of the party to which I have the honour to belong, and to say that of course after World War II—and I find my argument in the remarks of the honourable senator who has just spoken—there was bound to be a certain degree of inflation. The inflation is not an evil which must always be present; it is not a plague which is uncontrollable. However, at certain moments we have to face that problem and to adopt the best policy which can possibly be applied to its solution.

May I say most sincerely that during the years 1956 and 1957 I failed to see in the administration of the Right Honourable Louis St. Laurent anything which contributed to inflation. Although, to be quite honest, inflation was present, we have had a surplus every year, which would indicate that we have been living within our means. In my opinion the only solution that can be applied as a matter of principle to the eradication of inflation is for everybody in Canada, and that means individuals as well as governments, federal, provincial or municipal, to live within their means. I ask this question: Does a policy which brings a surplus contribute more to inflation than what I would call a system of deficit financing? If our party was defeated, I believe it was to a very great extent due to what I would call our planned policy of restrictions which were placed on credit, generally known as a "tight money" policy. However, I do not intend to deliver a political speech. I merely wish to tackle the difficult task of trying to throw a little more light on the problem of inflation.

Honourable senators, first of all, I am not a member of our Committee on Finance, so I am quite pleased to address my most sincere compliments and congratulations to the honourable members who presented us with a report which, in my opinion, is a masterpiece.

As was remarked by our honourable colleague from Shelburne (Hon. Mr. Robertson) excellent work was done in the past also by our Finance Committee on income tax and other subjects. Every session we used to study in that committee the different items of the estimates, so that in the last hours of the dying session we would have a clearer understanding of the millions or billions of dollars we were called upon to vote.

This session the question of inflation has been studied admirably by the members of the Committee on Finance and by the experts who were called and who gave evidence. To define inflation adequately and scientifically is a goal which is absolutely beyond our means. At page 471, in report No. 11 of the proceedings of our Finance Committee, we find a very short definition which, in my opinion is as good as any other:

> For all practical purposes inflation may be defined as a condition in which there is a persistent rise in the general level of prices.

We all realize that in recent years the question of inflation has become a major concern, I would almost say the major concern of public policy throughout the western world. It has replaced recession as the main topic of discussion and it is indeed a matter of urgent interest. That is why we were fully justified in referring to our committee on finance this great, great problem.

Now, apprehensions exist in the public mind as a result of inflation. I am not at all a pessimist. I have complete confidence in the future of our country, and my task just now is not in any way to create a panic. It is, on the contrary, to reassure the good people of Canada and say that apparently inflation is now being brought under control. It may run out of hand, of course, through circumstances which are absolutely beyond our power to control, such as war, or a crisis, or such as a budgetary policy which would be unwise.

Why did those apprehensions exist? They existed, of course, as well as the persistent rises in prices and costs, because of the fact that our money has been losing its purchasing power to a great extent, to the extent of about 40 per cent.

Now, when money becomes unsound—and that is not the case as regards Canadian money; I don't want any misunderstanding about that—there is a weakening of its purchasing power. We remember that in other countries—in Germany for instance, after the First World War—money became simply worthless, and of course the economy of the German people was absolutely ruined.

Our economy is sound. I want to repeat that, so there will be no mistake about it. Nevertheless, there is, so to speak, a red light, a danger sign, ahead, on account of inflation. As a consequence of the erosion of the value of money various phenomena have arisen—we have, so to speak, sky-high prices of living,

and we had what was apparently a very paradoxical or illogical situation in the fact that the recession, which in my opinion is now practically over, was accompanied by exceedingly high prices. To the best of my knowledge, and I do have a slight knowledge of economics, it was the first time this had happened. As a natural consequence of that we have run into difficulties in public financing, whether by the federal authorities, the provinces or the municipalities, owing to the fact that many people who depend on so-called fixed incomes fear that if they purchase bonds the amount of money which they or their heirs would receive, say 25 years hence, would have only 40 per cent of its present purchasing power. Of course, we cannot expect such people to be willing to invest in long-term fixed-dollar obligations. The committee's report indicates clearly by charts, which were referred to by my honourable friend from Mille Isles (Hon. Mr. Monette), the major dislocations, inadequacies and economic disruptive disparities which have resulted from a prolonged and substantial decline in the value of money.

Honourable senators who spoke before me have pointed to the loss of some of our foreign markets through what are considered to be excessive costs of production. We are unable to compete successfully with countries where the tempo of inflation has been less pronounced than here.

Hon. Mr. Monette: May I interrupt my honourable friend? He just has referred to what senators who spoke before him have said, but I do not recognize myself in that reference.

Hon. Mr. Gouin: My last reference was not to my honourable friend from Mille Isles (Hon. Mr. Monette), but merely to the charts.

Hon. Mr. Monette: Thank you.

Hon. Mr. Gouin: These charts are entirely graphic. They show much better than any words which I could use the situation over a long period of years. My last words concerned simply the effects of inflation on our foreign trade. That is what I would call a question which is absolutely vital because to a great extent we have to live by our exports, since we produce much more than is needed for domestic consumption.

I wish to refer next to an extract from the submission of the Canadian Life Officers Association, mentioned in the report of the committee at page 480. I quote from the submission of that association:

> The main objectives of Canadian policy should be a relatively high level of employment and reasonable stability of the currency.

I believe it would be a great mistake to say that we have to choose between inflation and unemployment, because if we have inflation—be it creeping inflation, or what is called in the report "galloping inflation"—we would have unemployment, and that would be a threat to our economy.

I understand very well that our friends from the labour unions are most anxious to protect their interests and their rights; that unemployment, to use the words of an economist, is "a cancer of the heart"; that unemployment is for labour the worst of all evils. No decent Canadian can ignore unemployment, even when we have it to a reduced degree, but especially when there is a rather considerable amount of it, as there is to-day.

Referring again to page 480 of the report, we see that the representatives of the labour unions agree that the stable or reasonably stable price level is a desirable goal:

> —provided that the concern for price stability did not outweigh or obscure what they regarded as the more important issues of the level of employment and the rate of growth of the economy.

To be quite frank, I believe that the two parties in this house agree on what I would call a policy of full employment, which really means a policy of maximum employment. Quite honestly, we have to face up to seasonal unemployment, and we also have to reckon with various factors which bring about a degree of unemployment. It is precisely for this reason that we have a system of unemployment insurance and unemployment assistance.

The attitude of the unions emphasizes:

> —the importance of pursuing at one and the same time the twin goals of high levels of unemployment and reasonable stability of prices. Neither unheeded inflation nor substantial and protracted unemployment is socially acceptable.

This is indeed a great truth, and to this principle I fully subscribe.

At the bottom of page 480 I read these words:

> —It was frequently pointed out to the committee that prolonged or rapid inflation would sooner or later result in a bust and bring about serious unemployment.

That is exactly what I mean: it is, so to speak, two horns of a devil: one is inflation, the other is unemployment. We can ignore neither the one or the other; we have to find a remedy for each. We have to find a solution which will protect us against these two evils.

The Canadian Chamber of Commerce is quoted at page 481 as saying that

> ...it could not as a policy tolerate even a creeping inflation. All you can say about creeping inflation is that it is not as dangerous and it is easier to adjust to than a more rapid inflation; but if you are going to erode the dollar the long-run effect is the same.

The Investment Dealers Association had some interesting observations to present. Its representative said, as reported at page 482 of this report:

> . . . continually rising prices—or the expectation or rising prices—stimulates spending and discourages the saving needed to finance the new and productive capital equipment on which a rising standard of living depends.

My next quotation is from the submission of Mr. Coyne, Governor of the Bank of Canada, as appears on page 482 of the report. Mr. Coyne said:

> . . . I do not believe there ever has been or ever will be creeping inflation for any length of time. I think it will either break into a gallop or lead to a collapse.

On page 483 of the report there is an interesting reference, to the question of further increases in Government expenditures, to which I have already referred to some extent. There is of course reference to the fact that people today are reluctant to invest in bonds, and prefer investment in stocks and equities. At the bottom of page 483 Mr. Gibson is quoted as saying:

> . . . There is the danger that fear of inflation will set the groundwork for a serious recession. Sooner or later stock prices may get so high in relation to corporate earnings and bond prices that a marked reaction may set in. People may suddenly realize that things are getting out of proportion. This is all the more likely if fear of inflation leads to ill-considered capital investment in some directions or to unnecessary accumulation of inventories.

The conclusion to which I come, and I believe it is our unanimous conclusion, is that we have at our disposal the necessary tools to fight inflation; that it would be a great mistake to create, so to speak, a psychosis of inflation; that we must continue to have confidence in our country; that our rhythm of development has excelled that of any country in the history of the world; that such a development is bound to continue if we do our duty, if we practice economy, and if we all try to co-operate and work together, putting above any party consideration the well understood interests of our beloved country.

Hon. Mr. Macdonald: Honourable senators, may I adjourn this debate until later this day?

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

BUSINESS OF THE SENATE

Hon. Mr. Aseltine: Honourable senators, I have recently had a report on the progress being made in the other place. I understand they will be considering estimates until 6 o'clock, and will deal with legislation from then until 8 o'clock. Therefore, I suggest we rise now until the call of the bell at approximately 8 o'clock.

The Senate adjourned during pleasure.

At 8 p.m. the sitting was resumed.

Hon. Mr. Aseltine: Honourable senators, I have been keeping a close check on the proceedings in the other house and it would appear that it will be 10 o'clock before we receive any legislation from that house.

Hon. Mr. Macdonald: Is that a guarantee?

Hon. Mr. Aseltine: In the circumstances I would suggest that we rise now, to reassemble at the call of the bell at approximately 10 o'clock.

The Senate adjourned during pleasure.

At 10.30 p.m. the sitting was resumed.

INFLATION

REPORT OF FINANCE COMMITTEE ADOPTED

The order having been called for resuming the adjourned debate on the motion of Hon. Mr. Emerson for adoption of the report of the Standing Committee on Finance on the threat of inflation in Canada, and the question having been put on the motion:

Report adopted.

INCOME TAX BILL

COMMONS DISAGREEMENT WITH SENATE AMENDMENT

The Hon. the Speaker informed the Senate that the following message had been received from the House of Commons, returning Bill C-48, to amend the Income Tax Act:

ORDERED:

That a message be sent to the Senate to acquaint their Honours that this house agrees to the first amendment made by the Senate to Bill C-48, an Act to amend the Income Tax Act, being an amendment to clause 18 of the said bill, but disagrees with the second amendment, whereby the Senate would strike out clause 19 of the said bill, for the following reasons:

1. The outright exemption of foreign business corporations from tax under the said act should not be extended to corporations which have not qualified or cannot qualify as foreign business corporations in accordance with the provisions of the said clause 19.

2. The class of tax-exempt foreign business corporations under section 71 of the said act should be closed pending a review of the position of such corporations and the value to Canada of permitting more corporations to qualify as such.

3. The said amendment of the Senate infringes the sole and undoubted right of the Commons to impose taxation; it alters the application of taxes and interferes with the public revenue.

CONSIDERATION POSTPONED

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

Hon. Mr. Aseltine: Honourable senators, I move:

That the Senate do not insist upon its second amendment to Bill C-48, intituled an Act to amend the Income Tax Act, to which the House of Commons has disagreed.

Hon. Mr. Macdonald: Mr. Speaker, I doubt if that motion should be put now. We have not had an opportunity of seeing the reasons for the disagreement.

The Hon. the Speaker: I think the Leader of the Opposition (Hon. Mr. Macdonald) is right. Perhaps he would like to scrutinize the reasons I have just read.

Hon. Mr. Macdonald: I should like to see a copy of the reasons, if I may.

Hon. Mr. Aseltine: The only copy available is now in the hands of His Honour the Speaker, I understand.

The Hon. the Speaker: I take pleasure in sending my copy of the reasons over to the Leader of the Opposition for his perusal.

Hon. Mr. Macdonald: Thank you.

Hon. Mr. Aseltine: In the meantime, I withdraw my motion. I now move that the message from the House of Commons be taken into consideration later this day.

Motion agreed to.

Hon. Mr. Isnor: May I inquire if the message from the Commons is a typewritten or a mimeographed document?

Hon. Mr. Macdonald: It is typewritten.

Honourable senators there is other business that the house could proceed with while I peruse the reasons for non-acceptance of this amendment by the Commons.

APPROPRIATION BILL NO. 5

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-73, for granting to Her Majesty certain sums of money for the public service of the financial year ending March 31, 1960.

Bill read first time.

SECOND READING

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

Hon. W. M. Aseltine: Honourable senators, I move second reading to this bill now.

Hon. Mr. Isnor: Explain.

Hon. Mr. Aseltine: Honourable senators, I would like to make a brief explanation of this supply bill.

This bill, when passed, will be Appropriation Act No. 5 for the year 1959. Previous Appropriation Acts passed in this session were as follows:

Appropriation Act No. 1, which granted full supply for the further supplementary estimates for 1958-59.

Appropriation Act No. 2, which granted interim supply for the first two months of 1959-60, based on the main estimates. The amount involved in that act was $616,654,-878.69.

Appropriation Act No. 3 granted full supply for the final supplementary estimates of 1958-59.

Appropriation Act No. 4 provided interim supply for the months of June and July, 1959, based on the main and supplementary estimates for the year 1959-60. The amount involved in that act was $634,617,069.94. The total therefore that we have granted for the full year 1959-60 is $1,251,271,948.63.

The bill we are now considering will grant the balance of the main estimates for the fiscal year 1959-60 in the sum of $2,409,439,-428.04, and the balance of the supplementary estimates, $100,441,528.33. These amounts total $2,509,880,956.37.

The form of this bill is the same as that of the main supply bills passed in the last two fiscal years. I may also say that borrowing authority in the amount of $1 billion was approved in the first interim supply act, Appropriation Act No. 2, 1959, which I have referred to.

The total 1959-60 estimates including budgetary expenditures, old age security payments and loans are as follows. Main estimates, $6,296,336,356, of which $2,655,713,-285 is statutory, and the amount to be voted is $3,640,623,071. In addition there are the supplementary estimates for the fiscal year 1959-60 of $120,529,834, making the total amount of main estimates and supplementary estimates for this fiscal year $6,416,866,190.

That, honourable senators, is a brief explanation of the purpose of this bill.

Hon. W. Ross Macdonald: Honourable senators, the Leader of the Government (Hon. Mr. Aseltine) has been very frank, and has read off this huge sum of over $6 billion as if it were a comparatively small amount. I compliment him on his frankness, but he did not inform the house that this is the largest expenditure in the history of Canada—

Hon. Mr. Aseltine: I knew you would mention that.

Hon. Mr. Macdonald: —by any Government, in peacetime or in wartime.

The Leader of the Government smiles. Well, I cannot smile at that, honourable senators. It is a very serious situation in which we find ourselves, because the $6 billion, whether it is statutory or budgetary, has to be raised, and it can only be raised in one manner, by taxing the people of Canada. We are passing legislation which will cost the people of Canada—some 17 million people—over $6 billion in one year.

Honourable senators, we are spending more money each year. Last year we thought we had reached the top in expenditures when we spent $5,508,000,000, but even now, when half of the present fiscal year has not elapsed, we are up to more than $6 billion, and I have no doubt whatsoever hat before next March 31 we shall have another supply bill.

I mention these things so that we may realize that we are dealing with very important legislation, and I do not think it should be passed in the light, off-hand and even frank manner in which it was explained to this house. Not only are we in a serious position, but we find ourselves in a precarious position in connection with our trade. The foreign trade deficit shows a big increase for this quarter of the year.

I have in my hand a clipping from the Brantford *Expositor* of a factual statement recorded by the *Canadian Press*:

> Canada's deficit in foreign trade of goods and services in the first quarter of the year stood at $450 million showing a big increase from $282 million in the corresponding period last year.
>
> The Bureau of Statistics reported today that the increase was due mainly to a trebling of the deficit on the balance of trade in goods, from $63 million a year ago to $188 million this year.

Honourable senators, the position with respect to our exports is serious indeed. In 1958 Canada's exports were only approximately the same as her 1957 exports; in fact, they were down slightly to $4,928,000,000 from $4,934,000,000. In the first quarter of this year our exports have continued to show a decline. At the same time there is more money in circulation. Prices have gone up and the purchasing power of the dollar has gone down. So the effect on the actual volume must have been very severe indeed. Only this afternoon we had a further discussion on inflation. I thank the honourable senator from Mille Isles (Hon. Mr. Monette) for referring to a speech which I made here earlier in the session. I was very flattered to think he remembered the speech, and even more flattered when he thought part of it was worthy of being placed on *Hansard* once again.

Hon. Mr. Aseltine: Hear, hear.

Hon. Mr. Macdonald: The honourable gentleman from Mille Isles said he hoped that as a result of the findings of the Finance Committee my fears of the inflation we now have would be allayed. I can assure him they have not been allayed in any respect whatsoever. Notwithstanding the report of the Finance Committee, I am still fearful of the inflationary position in which we find ourselves at the present time. It is all very well for the report to state what it did regarding the present situation in Canada, but I recall a great deal of evidence that was given to the committee by prominent financiers throughout Canada, which established beyond a shadow of a doubt that we are now experiencing a period of inflation. I go on record at this time as saying that we should be ever on guard against this condition of inflation, and that we should do everything in our power to prevent it from increasing.

Honourable senators, I have mentioned three very serious facts: the great expenditures which we are making, the condition of our trade, and the present inflationary trend. They involve serious problems, and I know that during the recess all senators will give them their best thought in order that we may assist the Government in solving these very serious problems.

Hon. Mr. Brunt: Hear, hear.

Motion agreed to and bill read second time.

THIRD READING

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

Hon. Mr. Aseltine: I move the third reading now.

Hon. Mr. Roebuck: Are we going on to give this bill the third reading without having a copy of it before us? I think we went far enough, if not too far, when we allowed second reading of the bill. I do not think we should be asked to give the third reading under the same circumstances.

Hon. Mr. Aseltine: It happens that only ten copies of the bill were printed.

Hon. Mr. Roebuck: Why?

Hon. Mr. Aseltine: I understand the bill will be distributed after prorogation. I am informed that has always been the custom. Honourable senators have had the estimates

before them for five months, and the supplementary estimates in pamphlet form for several weeks. That is all I can say about it.

Hon. Norman P. Lambert: Honourable senators, if my memory serves me correctly, at this stage in the session, when these final estimates come before us, we have been accustomed to accept the statement of the Leader of the Government with respect to the final budget paper without copies having been distributed.

On this occasion, however, I think the very great importance of the function of the Standing Committee on Finance of this house has been empasized. I have been a member of that committee since its revival under the leadership of the late Senator King. Its original purpose was to examine estimates so that the members of this house might be thoroughly acquainted with the items of the budget and the main items in the estimates before being faced with the final supply bill, voting billions of dollars without any familiarity with the items.

I do not intend to discuss the report of the Finance Committee at this time, but I would suggest that in future that committee be charged with this very responsible work, and find time to attend to it during the session, so that senators will be acquainted with the contents of the final presentation of the budget figures before being called upon to deal with them.

Hon. Mr. Roebuck: Honourable senators, can the Leader of the Government (Hon. Mr. Aseltine) give us any assurance as to how much money we are going to be asked to vote before this fiscal year is over? The Leader of the Opposition (Hon. Mr. Macdonald) has just told us—and I think the Leader of the Government did too—that we are now granting sums which add up to more than $6 billion. We are a long way from the 31st of March, 1960, and the Leader of the Opposition has suggested that in all probability further sums will be asked of us. What astronomical figures will be reached before the completion of this year? Can the Leader of the Government not give us any idea of what the situation is?

Hon. Mr. Aseltine: Honourable senators, the estimates have been discussed fully in the other place for several weeks, and as far as I know these are the amounts that the Government thinks it will need between now and March 31, 1960.

Hon. Mr. Roebuck: These votes are to take us to March 31, 1960?

Hon. Mr. Aseltine: Yes. This is the total that the Government thinks it will require to carry on the services of the country between April 1, 1959 and March 31, 1960.

Motion agreed to and bill read third time and passed.

COMBINES INVESTIGATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-70, to amend the Combines Investigation Act.

Bill read first time.

SECOND READING

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

Hon. William R. Brunt: I move the second reading now.

Honourable senators, I understand that copies of the bill have been distributed. There is left in the bill one clause, that which is clause 4 in the original bill as printed and now becomes clause 1.

I think I should point out, honourable senators, that for quite some time representations have been made to the Department of Justice that certain amendments be made to the Combines Investigation Act and to the Criminal Code. Naturally, such amendments require considerable study by the Department of Justice before any action could be taken. Finally, the Department of Justice decided that certain amendments were in order with respect to the Combines Investigation Act and the Criminal Code, and during the early part of June of this year Bill C-59, to amend the Combines Investigation Act and the Criminal Code, was introduced in the other place, and given first reading.

Once the bill was introduced, and its detailed provisions made known, numerous representations were received from businessmen and trade associations that the measure should be deferred until they had an opportunity of studying it more thoroughly, and of making representations with respect to the combination, monopoly and merger sections.

All honourable senators will realize that in a matter of this kind it is of particular importance that all interested parties have every reasonable opportunity of making their submissions to the Department of Justice. As a result of the submissions which were made it was decided that the proper course to adopt was to proceed with those parts of the bill which relate to the problems of the smaller businessmen, and to defer until the next session of Parliament the provisions relating to combinations, mergers and monopolies, and the provisions incidental thereto, as contained in this bill.

Accordingly, it was decided not to proceed with Bill C-59, and in its place Bill C-70 was introduced in the other place.

Bill C-70 originally dealt with the enactment of the three provisions relating particularly to small business, including the section on misleading advertising, and it was found necessary to introduce a fourth provision in this particular bill which deals with the situation in the fishing industry in British Columbia.

Due to the fact that Bill C-70 did not receive second and third readings in the other place until today, it was decided to drop clauses 1, 2 and 3 from the bill, and pass only clause 4 which deals with the fishing industry in British Columbia.

In connection with clause 4 I think I should point out that the director under the Combines Investigation Act recently submitted to the Restrictive Trade Practices Commission and to various fish packing companies, associations and individuals in British Columbia a statement of evidence alleging that certain agreements and activities which were being carried on relating to the supply of raw fish by the fishermen to companies were illegal. As a result of the doubt that was thereby cast upon the legality of such agreements and activities, the fish canning companies declined to negotiate prices with the fishermen's union as they have done in past years, and it appeared that a strike might result which would lead to the loss of the salmon catch and perhaps other catches of fish.

In the present anti-combines legislation there is a provision to the effect that nothing therein shall be construed to apply to an organization of workmen or employees for their own reasonable protection as such workmen or employees, and I understand that it is being argued by the fishermen that they come within the protection of this provision. If, however, it should turn out as a result of the inquiry that the agreements dealt with therein are not wholly or even in part legal, it may be that the report will disclose a situation which it will be necessary to take steps to deal with in a definitive manner. However, it is not possible to take these steps now. Therefore, clause 1 has been put into this bill and the effect of it is that the anti-combines legislation now in existence shall not apply to arrangements between fishermen or associations of fishermen in British Columbia and persons or associations of persons engaged in the buying or processing of fish in British Columbia with respect to the price, the remuneration or other conditions under which fish shall be caught and supplied between January 1, 1959 and December 31, 1960.

The latter date was chosen because it is hoped that by that time the remaining steps in the inquiry will have been completed and a report will have been made by the Restrictive Trade Practices Commission; so that at that time, namely December 1960, one will be able to see what, if any, further action should be taken to eventually dispose of and clear up this particular situation.

Honourable senators, I realize that it is usual and customary to refer such bills to committee. In this case, with the leave of the Senate, I hope to have the third reading of the bill this evening. I am asking for this concession for two reasons. First, the bill is a very short one. It has only one clause, and I think I have given a full explanation of it. In the second place, I understand that we are drawing close to the end of this session of Parliament and if the bill goes to committee we will have to meet next week.

Hon. John J. Connolly (Ottawa West): Honourable senators, a full-dress debate on the Combines Investigation Act, and the amendments that had been originally proposed to it would be impossible in the short time at our disposal. I am not going to deliver myself of an oration on the iniquities of the Senate's receiving legislation at too late an hour in the session. I think this practice has been followed since the Senate was established, at the time of Confederation, and it is usual for people in opposition to stand in their places and refer to the iniquitous position in which the Senate is thereby placed. I suppose it is part of the procedure one can expect in Parliament.

As a member of an Opposition party, I do not make this plea to the members of the Government party opposite on political grounds, but I do make it from the point of view of this chamber itself. We are all anxious that this chamber work well, and we all have our responsibility to discharge our duties here as senators, whether we belong to the Government or to the Opposition. I believe that honourable gentlemen opposite are just as much concerned about their responsibility as are we on this side. During the few years I sat on the Government benches in this chamber I too felt concerned about our receiving important legislation at the end of the session; and I can still hear Senator Haig leading for the Opposition on this side saying the same thing. It is not a matter affecting one party or another, it is a matter affecting the Senate. It is a matter of the responsibility which every individual senator owes to this chamber and to the people of the country, to try to get the important legislation here in time to give it full consideration. I make that

plea not in any partisan sense, nor with the idea of imposing further worry upon the Leader of the Government in this chamber. I do think that some kind of arrangement could be worked out so that we will not be put in this embarrassing position.

Let me take a little recent history to illustrate what I mean. Last year, on the last day of the session, in the dying hours of the session, we received an amendment to the Customs Act. We on this side of the house said that we felt that amendment was a violation of the provisions of GATT. We were assured that this was not so. Parliament closed on Saturday night, and on Monday morning a press conference was held at the American legation at which it was stated not only that the Americans had objected to this legislation because it was in violation of GATT, but that their objections had been placed before the Government several weeks before the bill received parliamentary consideration. We were not told that. That is an iniquitous position for the Senate to be put in, and I hope that kind of thing will not happen again.

I do not say that those considerations apply to this measure. I think if this measure came to us in the normal course of events earlier in the session we could do what the honourable gentleman from Hanover (Hon. Mr. Brunt) has asked us to do tonight, namely, pass it without having it go to committee, and I for one would be glad to do that. I am not too sure that I can follow the factual explanation which he gave, because I am not quite sure from what I understand of this measure that that information is completely accurate.

Let me say this: I understand that in the fishing industry, in the packing industry, in British Columbia, before the fishermen go out for their catches they sit down with the canners, with the people in the industry to whom they sell their fish, and an arrangement is made about the price the fishermen will get.

Hon. Mr. Brunt: It goes much further.

Hon. Mr. Connolly (Ottawa West): Perhaps it goes further, but this point I think is crucial. I think the price is predetermined. It is based upon what the sellers of the fish feel they can get in their markets. Starting with that price, they then determine what the fishermen will be paid for their catches as they bring them in. I think it is this combination of agreements made between the packers and the fishermen which is thought to offend against the act. In other words, the market for the year in question is surveyed and then the price is determined; after that the fishermen are told how much they will get, and off they go.

If this is a situation which offends against the Combines Investigation Act and is not favoured by the law, and if, on the other hand, prosecutions under the Combines Investigation Act or even an investigation by the Restrictive Trade Practices Commission will upset the industry, then I think it is the part of wisdom on the part of the Government to defer this development until such time as the situation can be properly studied. I think this is all this section does, and it should commend itself to the judgment of all of us that further study be given to it. It may be that an amendment will have to be made to the Combines Investigation Act and to the Criminal Code to change the position in which these people in the fishing industry in British Columbia find themselves. If that is so, then I think that when such a measure comes before Parliament we should have, and I am sure we will have, ample opportunity to give it full consideration. In the meantime, this postpones the day of decision. I think it is a wise move, and I will certainly support the bill.

Hon. Arthur W. Roebuck: Honourable senators, I have heard nothing yet that would justify me in supporting this measure. I look upon this enactment as a matter of very great importance, and the effect of it I regard with grave concern.

Here we are told that the fishermen's union and the processers' association propose to do something which they fear may bring them within the limits of the Criminal Code, and they come to this house at 11 o'clock at night and ask us to set aside these two very important acts made for the protection of the public, without any real knowledge on our part of the situation or of what we are doing.

Unfortunately, I do not have the Criminal Code before me, so I must rely on memory. The Code says that an act, to be criminal, must unduly—we have heard that word "unduly" used so frequently—affect the public interest; that the act must be contrary to the public interest, and unduly so at that.

I say we are asked to set aside a provision for the protection of the public without any real knowledge of what we are doing. A simple statement by one of the members of this house, based on instructions which have been handed to him, is all we have, and we are asked to adopt a measure of this kind—three readings, one right after the other—without even an opportunity of reading the sections of the act affected by this bill.

It is outrageous; it is extraordinary; it is unprecedented in this house. I have never heard of an assembly such as this being asked to stultify itself in this way. We might at least have been given the sections of the acts

to be affected by this bill which we have before us. Even that is not handed to us.

If I were to agree to three readings of this legislation at one sitting I do not think I would be doing my duty as one charged with the task of giving sober second thought to legislation from the other place. You cannot have my support for that kind of proceeding.

Hon. Mr. Brunt: I would like to point out to the honourable senator—

The Hon. the Speaker: If the honourable senator from Hanover (Hon. Mr. Brunt) speaks again in this debate his remarks will have the effect of closing the debate.

Hon. Mr. Isnor: I am not going to speak to the bill. I merely wish to ask a question or two in reference to Bill C-59 which was mentioned as having been withdrawn. I take it that that bill was printed and distributed in the other place?

Hon. Mr. Brunt: That is correct.

Hon. Mr. Isnor: If that is so, why was it not distributed to the honourable members of the Senate?

Hon. Mr. Brunt: I received one.

Hon. Mr. Isnor: There is no copy on my file, and there is none on the files of the senators to my left. What is more important to me is to know to whom it was distributed, and from whom objections were received. Were objections received from a group of businessmen or fishermen or associations?

Hon. Mr. Brunt: Representations were received from businessmen from Halifax to Vancouver, and from large corporations; representations were received also from small businessmen with respect to the sections that deal with loss-leaders, and representations were received from the fishing industry in British Columbia.

Hon. Mr. Roebuck: I do not have a copy of Bill C-59 in my records.

Hon. Mr. Isnor: I would like to inquire if any honourable senator has a copy of Bill C-59 on his or her file.

Hon. Mr. Roebuck: Why should everybody be informed but us?

Hon. Mr. Brunt: I received a copy of Bill C-59 in the mail, and then I received a copy of Bill C-70. That is all I can say. I do not know how the distribution is carried out. That is not part of my function.

The Hon. the Speaker: Honourable senators, the question is on the motion of the honourable Senator Brunt, seconded by the Honourable Senator White, that this bill be now read the second time. Is it your pleasure to adopt the motion?

Hon. Mr. Roebuck: Not with my consent.

Motion agreed to and bill read second time, on division.

THIRD READING

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

Hon. Mr. Brunt: I move third reading now.

Hon. Mr. Roebuck: On division.

Motion agreed to, and bill read third time and passed, on division.

ROYAL CANADIAN MOUNTED POLICE BILL

AMENDMENT CONCURRED IN BY COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill C-34, respecting the Royal Canadian Mounted Police, and acquainting the Senate that the Commons have agreed to the amendment made by the Senate to the said bill, without amendment.

NATIONAL ENERGY BOARD BILL

AMENDMENTS CONCURRED IN BY COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill C-49, to provide for the establishment of a National Energy Board, and acquainting the Senate that the Commons have agreed to the amendments made by the Senate to the said bill, without amendment.

CRIMINAL CODE BILL

AMENDMENT CONCURRED IN BY COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill C-58, to amend the Criminal Code, and acquainting the Senate that the Commons have agreed to the amendment made by the Senate to the said bill, without amendment.

INCOME TAX BILL

NON-INSISTENCE UPON SENATE AMENDMENT

The Senate proceeded to consideration of the message from the House of Commons on Bill C-48, to amend the Income Tax Act.

Hon. W. M. Aseltine: Honourable senators, is it now in order for me to make my motion

in connection with the amendment to the Income Tax Act that was not approved of in the House of Commons?

Hon. Mr. Macdonald: Yes.

Hon. Mr. Aseltine: I therefore move:

That the Senate do not insist upon its second amendment to Bill C-48, intituled An Act to amend the Income Tax Act, to which the House of Commons has disagreed.

Honourable senators, I would like to make a few remarks in support of my motion. It will be remembered that when this bill was introduced in this chamber it was given second reading and then referred to the Standing Committee on Banking and Commerce. The committee dealt with the bill and eventually made two amendments to it, one of which has been accepted by the other house. However, that house objected to the second amendment, to strike out section 19, which had to do with the taxing of new—and I emphasize "new"—foreign business corporations but did not change the status of foreign business corporations incorporated before April 1, 1959.

It was my opinion when the matter was before the committee—and it is still my opinion—that this was not a good amendment, and I was not in favour of it from the beginning. The Income Tax Act is a taxation statute, and Bill C-48, which amends that act, is a taxation measure. We in the Senate should hesitate very much before amending and thereby interfering with a statute of that kind. Honourable senators, our amendment might not immediately affect ways and means, but it might do so in a substantial way eventually.

For the reasons I have given, and for the reasons stated in the memorandum received from the House of Commons and read by His Honour the Speaker, I ask the Senate not to insist on this amendment.

Hon. Mr. Connolly (Ottawa West): May I ask the honourable leader a question? I note that the House of Commons has accepted an amendment made by the Senate to section 18. Can he tell us whether section 18 as amended interferes in any way with the public revenue?

Hon. Mr. Aseltine: Well, that amendment, I understand, was agreed to by all parties in the Senate committee, including the officials who were present on that occasion, and I was convinced that it had nothing to do with ways and means or the raising of money by taxation. It was just a definition change, if I may say so.

Hon. Mr. Connolly (Ottawa West): It does not appear that way in the section. It appears to apply to the "hire of chattels or charterparty fees or remunerations". The wording of the section was:

...not more than 10 per cent of its gross revenue was derived from rents...

And the following words were added by way of amendment:

...hire of chattels or charterparty fees or remunerations.

It seems to me to provide a new source of revenue for the Crown. Therefore the amendment which we made was interfering with the revenue, I would submit.

Hon. Mr. Aseltine: That was a clarification. The officials stated quite emphatically that it meant that anyway, and they only agreed to the change to satisfy the committee.

Hon. W. Ross Macdonald: Honourable senators, I might say that I was greatly surprised,—I was shocked—to learn that the House of Commons had not accepted the amendment of this honourable chamber. Honourable senators will recall that this amendment was passed in this house on June 18. I will read from the *Minutes of the Proceedings* of this house, at page 483:

Pursuant to the Order of the Day, the Honourable Senator Thorvaldson moved, seconded by the Honourable Senator Pearson, that the Bill C-48, intituled: "An Act to amend the Income Tax Act", as amended, be read the third time.

The question being put on the motion it was Resolved in the affirmative.

The bill, as amended, was then read the third time.

The question was put whether this Bill, as amended, shall pass.

It was resolved in the affirmative.

Ordered, That the Clerk do go down to the House of Commons and acquaint that house that the Senate have passed this bill with two amendments, to which they desire their concurrence.

Now, that was on June 18.

The amendment appeared on *Votes and Proceedings* of the House of Commons from June 19 onwards.

Hon. Mr. Roebuck: That is only a month ago.

Hon. Mr. Macdonald: And I suppose most honourable senators assumed, as I did, that the amendment woud be satisfactory to the other place. In fact, I made inquiries and I was advised by those who I thought were informed of what the House of Commons proposed to do that there would be no objection to this amendment.

Then, on July 14, I read in the *Votes and Proceedings* of the House of Commons at page 707, as follows:

The Order being read for consideration of the amendments made by the Senate to Bill C-48, an Act to amend the Income Tax Act;

Mr. Fleming (Eglinton), seconded by Mr. MacLean (Queens), moved,—That the said amendments be now read a second time and concurred in; but that this house, while disapproving of any infraction of its privileges or rights by the other house, in this case waives its claims to insist upon such rights and privileges, but the waiver of said rights and privileges is not to be drawn into a precedent.

And that a message be sent to the Senate to acquaint Their Honours therewith.

That was on July 14, last Tuesday. Naturally, I assumed, as did all other honourable senators, that the amendments would be approved by the other place, but that it would assert its right to certain privileges, and so forth.

I think it was five minutes before eleven o'clock this evening, the 18th day of July, when the Senate received the message acquainting it that the House of Commons was not accepting one amendment, for reasons which were not referred to in any way in the report in the *Votes and Proceedings* of that house of July 14.

Hon. Mr. Brunt: Indirectly.

Hon. Mr. Macdonald: My honourable friend says "indirectly". I say there is no reference to them whatsoever.

Hon. Mr. Brunt: Do you have to put the reasons in?

Hon. Mr. Macdonald: Yes, you have to put the reasons in. I do not suppose they would be so impolite as to say: "We do not accept them, and that is the end of it." Certainly, they put the reasons in, and the reasons were read by His Honour the Speaker.

The Hon. the Speaker: Three reasons were read.

Hon. Mr. Macdonald: Yes, and I shall refer to those reasons in a minute. My point is that here, in the very last hour of the last day of the session, we receive word from the House of Commons saying, in effect, although we have had your amendments before us for almost a month, we decide now at the very last minute we are not going to accept one them, and that is the end of it. Of course, that is the end of it. We know it is the end of it. If we insist on our amendment there is no Income Tax Bill—that is the end of the legislation.

Hon. Mr. Connolly (Ottawa West): It is an end to the increase in taxes.

Hon. Mr. Macdonald: Yes, it is an end to the increases in taxes which the Government is putting into effect. I am sure we would not take the responsibility upon ourselves of throwing out the income tax amendments, as much as many of us object to them. So we are left with this situation, and we have to accept the decision of the other place.

I would point out, honourable senators, that the refusal to accept this amendment made to the bill comes to this house when the honourable senators who sponsored the amendment, or most of them, are not here to speak to it.

Hon. Mr. Aseltine: They should be here.

Hon. Mr. Macdonald: The Government may have known they were not here.

Hon. Mr. Brunt: I think that is an unfair statement.

Hon. Mr. Macdonald: It may be unfair. If it is, I withdraw it. In any event, it is not nearly as unfair as asking us to meet the refusal of this amendment in the dying moments of this session of Parliament. I simply say that those honourable senators are not here and cannot answer the objections raised.

I would point out that not all honourable senators who supported this amendment sit on this side of the house.

Hon. Mr. Brunt: That is right.

Hon. Mr. Macdonald: Many, if not most, of those who were keenly interested in the passage of this amendment are supporters of the Government rather than of the Opposition. I say that in order that the Government and the people will know that this is not primarily an Opposition amendment.

It presents two problems: first, the sponsors of the amendment are not here to answer the objections; and secondly, if the Senate does not accept the refusal of this amendment by the other place, the whole Income Tax Bill is defeated.

Hon. Mr. Roebuck: Why, may I ask, do you say the whole bill is defeated?

Hon. Mr. Macdonald: Because we cannot pass half a bill. We pass the bill as amended, or we do not pass it at all. If we do not accept the refusal of the amendment by the other place, the bill in that respect goes back to its original form, and all the amendments to the Income Tax Bill are thrown out.

Hon. Mr. Brunt: That is right.

Hon. Mr. Roebuck: It means that we throw out Bill C-48, not the whole act.

Hon. Mr. Macdonald: I think I said it means that we throw out the whole Income Tax Bill.

Hon. Mr. Connolly (Ottawa West): It means that Bill C-48 fails.

Hon. Mr. Macdonald: And the Income Tax Act will remain as it was previously.

Hon. Mr. Roebuck: Yes.

Hon. Mr. Macdonald: Now, honourable senators, are we prepared to throw out the income tax amendments and go back to the legislation as it stood last year? Personally, I would not think of assuming that responsibility.

I am disappointed in the Government for taking this stand in the last moments of the session. We in this house are reasonable persons. If the Government did not want to accept the Senate's amendment, why did it not say so three weeks ago? Those honourable senators who sponsored this amendment are reasonable men; they would have talked the matter over with the Government and I am sure a satisfactory compromise would have been reached. All I can say at this time is that I cannot condemn too strongly the method that has been used to prevent this amendment from being put into effect.

May I give it as my opinion, honourable senators, that in spite of what members of the other house have said, this amendment does not affect the revenue of the country; it does not impose taxation, it does not result in expenditure of public funds, nor can it in any way affect the balance of ways and means. As far as I am concerned, if it had been explained to the members of the Banking and Commerce committee that this amendment brought about any imposition of taxation, or altered the application of taxes, or interfered with public revenue, I am confident that the committee would never have passed it. But the explanation we received in committee was entirely contrary.

Hon. Mr. Roebuck: Would the honourable senator tell us what the amendment in question does? I have it before me, but I find difficulty in absorbing it in its completeness. A statement from the honourable leader as to what it does would be most useful.

Hon. Mr. Macdonald: To put it in a few words, the amendment contained in the bill that we were asked to consider provided that in future Canada will not incorporate so-called foreign business corporations.

Hon. Mr. Brunt: It prevents incorporation of any foreign corporations in future.

Hon. Mr. Aseltine: It does not affect any that are already incorporated.

Hon. Mr. Macdonald: As I say, in the committee we were given the impression that by striking out this particular clause we were not in any way affecting taxation. Mr. Irwin, who appeared for the department, said, as reported at page 43 of the Proceedings of the Banking and Commerce committee:

> The minister stated that the right to qualify as a foreign corporation under the act in its present form can be used as a means of maintaining in Canada a tax haven or as a means of avoidance of tax.

Then he quoted from the debates of the other place as follows:

> We are asking the committee for that reason to close the door at that point because there is a very serious question as to whether any more foreign business corporations are going to be of any advantage to Canada anyway.

Hon. Mr. Aseltine: I wonder if the honourable gentleman would allow me to interrupt to say that I understand if we do not have royal assent within the next fifteen minutes we cannot have it until Monday next.

Hon. Mr. Macdonald: Well, I will not be fifteen minutes more.

The statement was made that there was no suggestion there had been any abuse in Canada. Then there was also this statement:

> We therefore think this situation is one that calls for some review and we propose that no more corporations not yet entitled to qualify as foreign business corporations should be in a position to do so hereafter until at least this whole situation has been carefully reviewed.

Now, the committee felt—and this was the main point raised—that these foreign corporations should not be prevented from coming in before the review takes place, but that during the next year there should be a full review of this whole situation, and that if it was found there was an abuse the section could then be put into effect.

It is said now that this Senate amendment does infringe on the rights of the House of Commons with respect to legislation regarding taxation; yet the minister himself said in effect that had this amendment related to something having to do with revenues he would have opposed it very strongly. At a time when he was going to accept the amendment, he said that had it related to something affecting revenues he certainly would not have allowed it.

Hon. Mr. Isnor: That was the Minister of Finance.

Hon. Mr. Macdonald: Yes. He said that three or four days ago. But now, at 11 o'clock on the last day of the session, he says, "Oh, it does affect the finances of the country." Well, I have not got time to find out from him now in what way it does affect the finances of the country. Personally, I am not able to see how it does, but in view of

the lateness of the hour and the fact that we are about to prorogue, and because I do not want to throw out all the income tax amendments that have been passed this year, I am not going to object to accepting the findings of the House of Commons.

Motion agreed to.

PROROGATION

NOTICE

The Hon. the Speaker: Honourable senators, I have the honour to inform you that I have received the following communication:

GOVERNMENT HOUSE
OTTAWA

July 18, 1959

Sir,

I have the honour to inform you that the Honourable Patrick Kerwin, P.C., Chief Justice of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber at 11.45 o'clock p.m. today, the 18th July, 1959, for the purpose of proroguing the Second Session of the Twenty-Fourth Parliament.

I have the honour to be,
Sir,
Your obedient servant,
Lionel Massey,
Secretary to the Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Patrick Kerwin, P.C., Chief Justice of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of the Governor General was pleased to give the Royal Assent to the following bills:

An Act to incorporate Standard Trust Company.

An Act to incorporate Desjardins Mutual Life Assurance Company.

An Act to amend the Public Lands Grants Act.

An Act to confirm an Agreement between the Government of Canada and the Government of the Province of New Brunswick respecting Indian Reserves.

An Act to confirm an Agreement between the Government of Canada and the Government of the Province of Nova Scotia respecting Indian Reserves.

An Act to provide for contributions and loans to the provinces in respect of crop insurance.

An Act to provide for the extension of long term mortgage credit to farmers.

An Act to amend the Maritime Coal Production Assistance Act and to authorize certain amendments to the agreement made under that act with Dominion Coal Company, Limited.

An Act to provide for the humane slaughter of food animals.

An Act to provide for the payment of additional grants to the Province of Newfoundland.

An Act respecting the Royal Canadian Mounted Police.

An Act to amend the Income Tax Act.

An Act to provide for the establishment of a National Energy Board.

An Act to amend the Criminal Code.

An Act to authorize the construction of a bridge across the Niagara River between the Province of Ontario and the State of New York.

An Act to authorize the construction of a bridge across the Pigeon River between the Province of Ontario and the State of Minnesota.

An Act to repeal certain fisheries laws in force in the Province of Newfoundland respecting the exportation of salt fish.

An Act to amend the Combines Investigation Act and the Criminal Code.

Hon. Roland Michener, Speaker of the House of Commons, then addressed the Honourable the Deputy of the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Comomns, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1960.

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy of the Governor General was pleased to give the royal assent to the said bill.

SPEECH OF DEPUTY OF GOVERNOR GENERAL

The Honourable the Deputy of the Governor General was pleased to close the Second Session of the Twenty-fourth Parliament with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

Canadians have welcomed with profound gratitude the visit of Her Gracious Majesty the Queen and His Royal Highness the Prince Philip. Her Majesty and the Prince are assured of the affection and devotion of the Canadian people and of their deep attachment to the Crown. To mark Her Majesty's visit you have established the Queen Elizabeth II Research Fund for research into the diseases of children.

It has been gratifying that the President of the United States was able to be present with our Queen on the occasion of the official opening of the St. Lawrence Seaway.

Canadians are convinced that every effort must be made to attain and to preserve lasting peace in the world. My Government is hopeful that it will be possible at summit meetings of heads of governments to make progress towards the settlement of such important issues as Germany, Berlin, nuclear test explosions and towards agreement on general disarmament.

Meanwhile, it is necessary to maintain the strength of the free world provided by the North Atlantic Alliance. To this end an important decision has been reached to re-equip the Canadian Air Division in Europe with modern and up-to-date aircraft. You have been informed of the steps being taken for sharing with the United States the production and procurement of defence equipment and have approved an appropriation to support selected development programs related to production sharing.

The Government recognizes that the peace of the world cannot be assured by defence measures alone and that economic assistance to less developed countries is a necessity and in Canada's interest. You have authorized an increase in Canada's contribution under the Colombo Plan to provide further help for Asian and African nations, particularly those within the Commonwealth. You have also voted substantial assistance for the new Federation of the West Indies. You have approved a measure to increase Canada's subscriptions to the International Bank and the International Monetary Fund.

It is encouraging to note the strong recovery from the recent recession both abroad and here at home. My Government will continue to take whatever steps lie within its power to maintain employment and to sustain sound economic gowth.

To improve the lot of those who unfortunately from time to time find themselves unemployed, you have made important amendments to the Unemployment Insurance Act.

Emphasis has continued to be placed on national development and financial provision has been made for numerous projects in this field.

Important measures have been approved for the agricultural sector of our economy. You have enacted legislation to provide for loans and grants for provincial crop insurance schemes and a statute has been passed under which long term mortgage credit can be made available to farmers. The new Farm Credit Act provides for substantially larger loans than have hitherto been available.

A National Energy Board has been established. This important new agency will ensure that, so far as it is within the power of Parliament, Canada's energy resources will be conserved and used in the best interests of all our people.

The Maritime Coal Production Assistance Act has been amended to enable a further measure of assistance to this industry on which the livelihood of so many Canadians depend.

You have amended the Export Credits Insurance Act and thus provided a further stimulus for our exports and our trade generally.

Several statutes which go to make up the Veterans Charter have been amended, broadening the range of benefits to veterans, particularly those who settle on the land.

The Federal-Provincial Tax-Sharing Arrangements Act has been amended to extend the increase made last year in the provincial share of personal income tax revenue.

A conference of dominion and provincial ministers of finance and provincial treasurers was held early this month at which it was agreed that a comprehensive study should be undertaken of the problems of intergovernmental financial and economic relations. A further meeting will be held next October. Meanwhile, reports on many of these questions are being prepared by the federal-provincial continuing committee of officials.

You have enacted a measure to authorize the payment of additional annual grants to Newfoundland in accordance with the scale contained in the report of the Royal Commission on Newfoundland Finances appointed in fulfilment of the obligation of the Government of Canada under the Terms of Union of Newfoundland with Canada.

You have enacted a measure to alleviate the discriminatory effects of the last horizontal increase in freight rates and an inquiry has been instituted into a broad range of railway problems.

Changes have been made in the Criminal Code, including an important provision respecting obscene literature.

After study of the subject by a committee, you have approved a measure for the humane slaughter of food animals.

You have signified your approval of a new International Wheat Agreement negotiated within the past few months. The agreement has since been accepted.

You have provided for the appointment of parliamentary secretaries to ministers of the Crown.

The supplementary pensions for retired civil servants, members of the armed services and of the Royal Canadian Mounted Police, provided by appropriations last year, have been placed on a statutory basis.

Other measures enacted at this session include the Act to approve the Income Tax Convention with Finland, the C.N.R. Financing and Guarantee Act, a new Seeds Act, Acts to confirm Agreements with the Provinces of

Nova Scotia and New Brunswick respecting Indian Reserves, an Act to authorize the construction of a bridge across the Niagara River between Ontario and New York, an Act to authorize the construction of a bridge across the Pigeon River between Ontario and Minnesota, and an Act to repeal certain fisheries laws of Newfoundland respecting the exportation of salt fish.

You have also amended the St. Lawrence Seaway Authority Act, the Northwest Territories Act, the Farm Improvement Loan Act, the National Defence Act, the National Housing Act, the Trans-Canada Highway Act, the Old Age Security Act, the Fisheries Improvement Loans Act, the Public Servants Inventions Act, the Income Tax Act, the Customs Tariff, the Excise Act, the Excise Tax Act, the New Zealand Trade Agreement Act 1932, the Prime Minister's Residence Act, the Judges Act, the Prisons and Reformatories Act, the Length and Mass Units Act, the Weights and Measures Act, the Royal Canadian Mounted Police Act, the Royal Canadian Mounted Police Superannuation Act, the Public Lands Grants Act, and the Combines Investigation Act.

Members of the House of Commons:

I thank you for the provision you have made for the public services in the current fiscal year.

Honourable Members of the Senate:

Members of the House of Commons:

I pray that Divine Providence may continue to bless, protect and guide our nation.

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Abbreviations

1r, 2r, 3r	= First, second, third reading
Amdts	= Amendments
Com	= Committee
Div	= Division
M	= Motion
Ref	= Referred
Rep	= Report
r.a.	= Royal Assent

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Filler, Zina Goffman. 1r, 786; 2r-3r, 787; r.a., 991
Firth, Heather Joan Maxwell. 1r, 560; 2r, 583; 3r, 587; r.a., 753
Flahault, Jacques. 1r, 138; 2r, 161; 3r, 167; r.a., 459
Fleming, Dorothy Elizabeth Fremantle. 1r, 585; 2r, 609; 3r, 611; r.a., 753
Flood, Lucinda Marguerite Vaughan. 1r, 548; 2r, 572; 3r, 573; r.a., 753
Forbes, Alexander Hill. 1r, 560; 2r, 583; 3r, 586; r.a., 753
Forest, Gilbert. 1r, 786; 2r-3r, 787; r.a., 991
Fortin, Evangeline Vaughan. 1r, 138; 2r, 161; 3r, 167; r.a., 459
Fourcade, Bernard. 1r, 306; 2r, 342; 3r, 365; r.a., 559
Fraser, Llui-Amoy Wheatley. 1r, 508; 2r, 536; 3r, 538; r.a., 753
Frechette, Jean Paul (Annulment). 1r, 586; 2r, 609; 3r, 612; r.a., 753
Freedman, Goldie Yelin. 1r, 182; 2r, 228; 3r, 245; r.a., 459
Frigon, Joseph Roger Wilfrid Girard. 1r, 586; 2r, 609; 3r, 612; r.a., 753
Fyfe, Ronald Ernest. 1r, 138; 2r, 161; 3r, 167; r.a., 459

Gaboriau dit Lapalme, Marie Cordelia Marie-Ange Pigeon. 1r, 101; 2r, 129; 3r, 131; r.a., 458
Gadoury, Rose Ange Lorange. 1r, 547; 2r, 572; 3r, 573; r.a., 753
Garber, Patricia Elizabeth Tobias. 1r, 548; 2r, 572; 3r, 574; r.a., 753
Gardeler, Helen Lyon Bain. 1r, 473; 2r, 506; 3r, 509; r.a., 753
Gardner, Jacqueline Shirley Mary Parnell. 1r, 130; 2r, 160; 3r, 165; r.a., 459
Garlick, Marie Adrienne Maryse Dagenais. 1r, 548; 2r, 572; 3r, 574; r.a., 753
Gascon, Joseph Louis Charles Gabriel. 1r, 201; 2r, 245; 3r, 248; r.a., 558
Genest, Joseph Aime Paul Guy. 1r, 786; 2r, 787; 3r, 787; r.a., 991
Gilmour, Marcus. 1r-2r-3r, 820; r.a., 991
Girard, Florida Seyer. 1r, 585; 2r, 609; 3r, 611; r.a., 753
Glaser, Hirsch. 1r, 786; 2r-3r, 787; r.a., 991
Glovinsky, Daniel Myer. 1r-2r, 432; 3r, 445; r.a., 559
Goldenberg, Evelyn Isbitsky. 1r, 640; 2r, 663; 3r, 670; r.a., 990
Goldenberg, Sandra Stoll. 1r, 786; 2r-3r, 787; r.a., 991
Goldfeder, Greta Libenstein. 1r, 640; 2r, 663; 3r, 669; r.a., 991
Goodson, Irene Balk. 1r, 151; 2r, 173; 3r, 175; r.a., 459

Gordon, Morris. 1r, 255; 2r, 306; 3r, 339; r.a., 558
Gosselin, Gustave Rene. 1r 255; 2r, 306; 3r, 339; r.a., 991
Gourd, Aurore Giguere. 1r, 548; 2r, 572; 3r, 573; r.a., 753
Gray, Audrey Isabella Wanda Patterson. 1r, 473; 2r, 506; 3r, 508; r.a., 753
Grayburn, Audrey Edwardeen Scanlan. 1r, 560; 2r, 583; 3r, 587; r.a., 753
Groot, Alex. 1r, 255; 2r, 306; 3r, 339; r.a., 558
Grossin, Emilienne Celestine Mallard. 1r, 548; 2r, 572; 3r, 573; r.a., 753
Grover, Norman, otherwise known as Grover, Norman Bernard. 1r, 548; 2r, 572; 3r, 574; r.a., 753
Gruia, Rita Steinbach. 1r, 473; 2r, 507; 3r, 509; r.a., 753

Hammill, Maria Carmella Gentile. 1r, 585; 2r, 609; 3r, 612; r.a., 753
Harper, Jacqueline Jeanne Lamy. 1r, 138; 2r, 161; 3r, 167; r.a., 459
Haymond, Agnes Forget. 1r-2r, 432; 3r, 445; r.a., 559
Hemmings, Ethel Marguerite Nimick. 1r, 560; 2r, 583; 3r, 587; r.a., 753
Hendy, Alexander Abraham. 1r, 508; 2r, 536; 3r, 538; r.a., 753
Henshaw, Marie Yolanda Marotta. 1r, 130; 2r, 160; 3r, 165; r.a., 459
Hill, Karl Efraim. 1r, 394; 2r-3r, 418; r.a., 559
Hirtreiter, Lorlotte Juliane Selma Wilhelmine Gude. 1r, 394; 2r-3r, 418; r.a., 559
Hislop, Sydney, otherwise known as Hislop, Sidney. 1r, 138; 2r, 160; 3r, 167; r.a., 459
Hortig, Gertrude Mary Prosser. 1r, 547; 2r, 572; 3r, 573; r.a., 753
Howard, Lillian Goldbloom. 1r, 786; 2r-3r, 787; r.a., 990
Hughes, William Lawrence. 1r, 473; 2r, 507; 3r, 509; r.a., 753
Hunting, Gordon Clarence. 1r, 473; 2r, 506; 3r, 509; r.a., 753
Hutchison, Mary Alice Hadley. 1r, 394; 2r-3r, 418; r.a., 559
Hyde, Ina Charlotte Charleson. 1r, 394; 2r-3r, 418; r.a., 559

Isenberg, Phyllis Ann Applebaum. 1r, 640; 2r, 664; 3r, 670; r.a., 990
Izenberg, Gertrude Scharge. 1r, 138; 2r, 160; 3r, 167; r.a., 459

Jeffrey, Edith May Driscoll. 1r, 786; 2r-3r, 787; r.a., 991
Jennings, Lenoir Grace Spencer. 1r, 138; 2r, 161; 3r, 167; r.a., 459
Johnson, Yaroslavna Zonia Lazarowich. 1r, 138; 2r, 160; 3r, 167; r.a., 459
Josephovits, Viola Bleier. 1r, 101; 2r, 129; 3r, 131; r.a., 458
Juneau, Elisa Gislena Maria Blankaerts. 1r, 547; 2r, 572; 3r, 573; r.a., 753

Kadar, Tibor. 1r-2r, 432; 3r, 445; r.a., 559
Kalabiha, Michael. 1r, 786; 2r-3r, 787; r.a., 991
Kallus, Hanna Liselotte Gertrud Tiegs. 1r, 130; 2r, 160; 3r, 165; r.a., 459
Katchan, Rhoda Lillian Rabinovitch. 1r, 640; 2r, 664; 3r, 670; r.a., 990
Keay, James John Thompson. 1r, 101; 2r, 129; 3r, 131; r.a., 458
Keelty, James Alfred. 1r-2r, 432; 3r, 445; r.a., 559
Keller, Emily Mary Kredl. 1r, 473, 2r, 506; 3r, 509; r.a., 753
Kelly, Philip Joseph. 1r-2r-3r, 909; r.a., 991
Kerr, Lorna Frances Hutchinson. 1r, 786; 2r-3r, 787; r.a., 990
King, Clarice-Mae Barraclough. 1r, 507, 2r, 536; 3r, 538; r.a., 753
King, Judith Ortenberg Baxt. 1r, 138; 2r, 160; 3r, 167; r.a., 459
Klein, Susan Gilda Levin. 1r, 473; 2r, 506; 3r, 509; r.a., 753
Korn, Marlene Marle. 1r, 306; 2r, 342; 3r, 365; r.a., 559
Kunst, Jean Scott Bain. 1r, 395; 2r-3r, 418; r.a., 559
Kusleika, Jeannine Genevieve Jagelavicus. 1r, 101; 2r, 129; 3r, 131; r.a., 458

Labonte, Lucille Gagne. 1r, 508; 2r, 536; 3r, 538; r.a., 753
Laborgne, Audrey Bruce. 1r, 786; 2r-3r, 787; r.a., 991
Lacombe, Armand. 1r, 473; 2r, 507; 3r, 509; r.a., 753
Ladd, Ross Kevin. 1r 786; 2r-3r, 787; r.a., 991
Lahaise, Joseph Bernard Alberia Gustave. 1r, 786; 2r-3r, 787; r.a., 991
Laliberte, Alfred. 1r, 394; 2r-3r, 418; r.a., 559
Landreville, Marie Pauline Primeau. 1r, 640; 2r, 664; 3r, 670; r.a., 990
Larsen, Nelly Hugentobler. 1r, 473; 2r, 506; 3r, 508; r.a., 753
Lazare, Sarah Friberg. 1r, 548; 2r, 572; 3r, 574; r.a., 753
Leblanc Gerald. (Annulment). 1r, 201; 2r, 245; 3r, 248; r.a., 558
Lee, Joyce Ann Breaker. 1r, 786; 2r-3r, 787; r.a., 991
Leff, Miriam Hirsh. 1r, 61; 2r, 98; 3r, 102; r.a., 458
Lerman, Etta Rose Palevsky. 1r, 306; 2r, 342; 3r, 365; r.a., 559
Levy, Esther Mendelson. 1r, 201; 2r, 245; 3r, 248; r.a., 538
Levy, Jean Trachtenberg. 1r, 473; 2r, 506; 3r, 509; r.a., 753
Liberman, Ruth Dankner. 1r 130; 2r, 160; 3r, 165; r.a., 459

Libich, Joseph. 1r, 394; 2r-3r, 418; r.a., 559
Light, Mary Barbara Jex. 1r, 547; 2r, 572; 3r, 573; r.a., 753
Link, Daisy Naydia Pretula. 1r, 560; 2r, 583; 3r, 586; r.a., 753
Liogas, Demetra Paul Garini. 1r, 586; 2r, 609; 3r, 612; r.a., 753
Loeb, Bernice Helena Peritz. 1r, 182; 2r, 228; 3r, 245; r.a., 459
Logan, Barbara Lucy Bain Forbes. 1r, 585; 2r, 609; 3r, 611; r.a., 753
Long, Juanita Patricia Hamilton. 1r-2r-3r, 909; r.a., 991
Low, John Robertson. 1r, 640; 2r, 663; 3r, 670; r.a., 990
Lunghi, Lise Nolet. 1r 61, 2r, 98; 3r, 102; r.a., 458

MacDonald, Ivy Mildred Patch. 1r, 585; 2r, 609; 3r, 612; r.a., 753
MacGillivray, Audrey Lynn. 1r, 182; 2r, 228; 3r, 245; r.a., 459
MacKenzie, Margaret Helen Dawson. 1r, 640; 2r, 664; 3r, 670; r.a., 990
Macovetsky, Gertrud Maria Meta Wauer. 1r, 548; 2r, 572; 3r, 573; r.a., 753
Mahaut, Jeannine Aimie Alice Mercier. 1r, 508; 2r, 536; 3r, 538; r.a., 753
Makad, Sylvia Mary Mefrige. 1r, 306; 2r, 342; 3r, 365; r.a., 559
Malcolm, Margit Elizabeth Mary Temke. 1r, 255; 2r, 307; 3r, 339; r.a., 559
Manson, Jessie Balfour Maines McCartney. 1r, 786; 2r-3r, 787; r.a., 990
Manuel, Percy Herbert. 1r, 138; 2r, 161; 3r, 167; r.a., 459
Marcovitch, Helen Borer. 1r, 473; 2r, 507; 3r, 509; r.a., 753
Martin, Joan Natalie Miller. 1r, 102; 2r, 129; 3r, 132; r.a., 458
Martin, Theodora Cornell Moore. 1r, 547; 2r, 572; 3r, 573; r.a., 753
Martindale, Esther Paula Beernaert. 1r, 786; 2r-3r, 787; r.a., 991
Marvin, Gladys Allen. 1r, 138; 2r, 161; 3r, 167; r.a., 459
Mathieu, Jean Louis. 1r, 508; 2r, 536; 3r, 538; r.a., 753
Maxwell, Bertha Sylvia Berman. 1r, 640; 2r, 664; 3r, 670; r.a., 990
McAllister, James Donald. 1r, 560; 2r, 583; 3r, 587; r.a., 753
McCall, Zita May Pardoe. 1r, 640; 2r, 664; 3r, 670; r.a., 990
McClure, Martha Waugh. 1r, 182; 2r, 228; 3r, 245; r.a., 459
McConnell, Eric Alexander. 1r, 306; 2r, 342; 3r, 365; r.a., 559
McNulty, Joan Howell McShane. 1r, 151; 2r, 174; 3r, 175; r.a., 459
Meehan, Marion Beulah Francis. 1r, 130; 2r, 160; 3r, 165; r.a., 459
Mendelsohn, Edward John. 1r-2r-3r, 820; r.a., 991
Metcalfe, Maria Adriana Sluis. 1r, 585; 2r, 609; 3r, 611; r.a., 753
Milburn, Audrey Barrasford. 1r, 786; 2r-3r, 787; r.a., 990
Miletics, Tibor Matthias. 1r, 586; 2r, 609; 3r, 612; r.a., 753
Millar, Samuel Currie. 1r, 786; 2r-3r, 787; r.a., 990
Monette, Claire Anna Theresa Verdon. 1r, 786; 2r-3r, 787; r.a., 990
Moore, William Irvine. 1r, 182; 2r, 228; 3r, 245; r.a., 459
Moran, Mary May Helen McCormick. 1r, 560; 2r, 583; 3r, 586; r.a., 753
Moran, Timothy Allan. 1r-2r-3r, 820; r.a., 991
Moreau, Joseph. 1r, 138; 2r, 160; 3r, 167; r.a., 459
Morgan, Meade Alexander. 1r, 786; 2r-3r, 787; r.a., 990
Morin, Cecile Desjardins. 1r, 182; 2r, 228; 3r, 245; r.a., 459
Morin, Marie Madeleine Marielle Faust. 1r-2r-3r, 820; r.a., 991
Morrison, Marjorie Barbara Hawthorn. 1r, 548; 2r, 572; 3r, 574; r.a., 753
Morrow, Margaret Viola McCullough. 1r, 473; 2r, 506; 3r, 509; r.a., 753
Moscovitch, Elaine Shirley Dorfman. 1r, 306; 2r, 342; 3r, 365; r.a., 559
Moscovitch, Lee Dacks. 1r, 786; 2r-3r, 787; r.a., 990
Mulcahy, Lois Genevieve Good. 1r, 585; 2r, 609; 3r, 611; r.a. 753
Murdoch Margaret Craig. 1r, 61; 2r, 98; 3r, 102; r.a., 458
Murphy, Yolande Bosse. 1r, 255; 2r, 307; 3r, 339; r.a., 558
Myre, Roger. 1r, 786; 2r-3r, 787; r.a., 990

Nash, Sarah Goldfarb. 1r, 182; 2r, 228; 3r, 245; r.a., 459
Norman, Barbara Mary Scott. 1r, 130; 2r, 160; 3r, 165; r.a., 458
Norman, Eleanor Gwyneth Henly. 1r, 640; 2r, 664; 3r, 670; r.a., 990
Nosek, Zdenek. 1r, 473; 2r, 506; 3r, 509; r.a., 753
Nussenbaum, Mary Friedman. 1r-2r, 432; 3r, 445; r.a., 559

O'Hanley, June Bernice Rath. 1r, 306; 2r, 342; 3r, 365; r.a., 559
Onions, Helen Ruby Riley. 1r-2r-3r, 820; r.a., 991
O'Regan, Esther Daisy Moynan. 1r, 130; 2r, 160; 3r, 165; r.a., 459

Palangio, Michael. 1r, 786; 2r-3r, 787; r.a., 991
Pare, Alexandre. 1r, 548; 2r, 572; 3r, 574; r.a., 753
Pare, Marie Jeanne Madeleine Saint-Pierre. 1r, 395; 2r-3r, 418; r.a., 559

Parent, Marie Lucille Pauline St. Jacques. 1r, 473; 2r, 506; 3r, 509; r.a., 753
Parsons, Georgina Horne. 1r, 786; 2r-3r, 787; r.a., 991
Patenaude, Marie Berthe Jeannine Quesnel. 1r, 255; 2r, 306; 3r, 339; r.a., 991
Patrick, Alice Christine Leduc. 1r, 182; 2r, 228; 3r, 245; r.a., 459
Pattison, Adela Hawthorne. 1r, 786; 2r-3r, 787; r.a., 990
Pavlovich, Alexander. 1r, 640; 2r, 663; 3r, 670; r.a., 990
Pearson, Majorie Seymour Hammond. 1r, 306; 2r, 342; 3r, 365; r.a., 559
Petit, Andre Maurice. 1r, 640; 2r, 663; 3r, 669; r.a., 991
Phillips, Margery Fletcher Dennis. 1r, 640; 2r, 664; 3r, 670; r.a., 990
Phillips, Mary Jane Holmes. 1r, 130; 2r, 160; 3r, 165; r.a., 458
Pinsky, Ghitta Caiserman. 1r, 585; 2r, 609; 3r, 611; r.a., 753
Plam, Joyce Rosemary Hudson. 1r-2r-3r, 820; r.a., 991
Plamondon, Flore Crevier. 1r, 394; 2r-3r, 418; r.a., 559
Plotkin, Ben. 1r, 586; 2r, 609; 3r, 612; r.a., 753
Pottel Claire Segal. 1r, 182; 2r, 228; 3r, 245; r.a., 459
Poulin, Yvon. 1r, 786; 2r-3r, 787; r.a., 991
Powell, Sydney Arthur. 1r, 102; 2r, 129; 3r, 132; r.a., 458
Prader, Franz. 1r, 548; 2r, 572; 3r, 573; r.a., 753

Rajeczky, Margaret Soll. 1r, 182; 2r, 228; 3r, 245; r.a., 459
Rakauskas, Omula Karnitis. 1r, 786; 2r-3r, 787; r.a., 991
Raymo, Norma Margaret Martin. 1r, 786; 2r-3r, 787; r.a., 990
Reed, Abbie Alice Mahon. 1r, 182; 2r, 228; 3r, 245; r.a., 459
Reisinger, Rosalie Jakes. 1r, 255; 2r, 307; 3r, 339; r.a., 559
Rewoski, Paul. 1r-2r, 432; 3r, 445; r.a., 559
Rey, Louis Gustave. 1r, 547; 2r, 572; 3r, 573; r.a., 753
Richter, Grace Evelyn Heggtveit. 1r, 786; 2r-3r, 787; r.a., 991
Rivet, Ovila. 1r, 640; 2r, 663; 3r, 670; r.a., 990
Robbins, Iris Marion Saunders. 1r, 640; 2r, 663; 3r, 669; r.a., 990
Robert, Audrey Edna Watson. 1r, 182; 2r, 228; 3r, 245; r.a., 459
Roberti, Jan. 1r, 394; 2r-3r, 418; r.a., 559
Robinson, Kathleen Iris Daunt. 1r, 138; 2r, 161; 3r, 167; r.a., 459
Roblee, Mildred May Eunice Charron. 1r, 508; 2r, 536; 3r, 538; r.a., 753
Roper, Catherine Anne Gillis. 1r, 640; 2r, 663; 3r, 670; r.a., 990
Rosen, Esther Lillian Issenman. 1r, 151; 2r, 174; 3r, 175; r.a., 459
Rosensweig, Patricia Burnell Fraser. 1r, 102; 2r, 129; 3r, 132; r.a., 991
Ross, Audrey Elsie Asbury. 1r, 473; 2r, 506; 3r, 509; r.a., 753
Ross, Jeannette Belanger. 1r, 640; 2r, 663; 3r, 670; r.a., 990
Ross, Marian Ida Rex. 1r, 548; 2r, 572; 3r, 574; r.a., 753
Ross, Vivien Joyce Taylor. 1r, 138; 2r, 161; 3r, 167; r.a., 459
Rotman, Frances Lerner. 1r, 585; 2r, 609; 3r, 611; r.a., 753
Roy, Helene Dagenais. 1r, 306; 2r, 342; 3r, 365; r.a., 559
Roy, Marie Louise Fauteux. 1r, 473; 2r, 506; 3r, 509; r.a., 753
Roy, Oscar. 1r, 585; 2r, 609; 3r, 611; r.a., 753
Rudner, Lillian Haber. 1r, 151; 2r, 174; 3r, 175; r.a., 459

Sainitzer, Gisela Antonie Anita Popp. 1r, 394; 2r-3r, 418; r.a., 559
Sandberg, Marie Luise Ahnhudt. 1r, 473; 2r, 506; 3r, 509; r.a., 753
Schiller, Josephine Zauberman. 1r, 130; 2r, 160; 3r, 165; r.a., 459
Schrieder, Pearl Severs. 1r, 138; 2r, 161; 3r, 167; r.a., 459
Schwartz, Sheila Carole Neidik. 1r, 473; 2r, 507; 3r, 509; r.a., 753
Scudamore, Helen Mary Margeson Ransome. 1r, 786; 2r-3r, 787; r.a., 990
Seeman, Ana Nili Indursky. 1r, 151; 2r, 174; 3r, 175; r.a., 459
Segal, Bella Valinsky. 1r 640; 2r, 663; 3r, 670; r.a., 990
Segal, Irene Kramer. 1r, 585; 2r, 609; 3r, 611; r.a., 753
Segal, Miriam Keppel. 1r, 138; 2r, 161; 3r, 167; r.a., 459
Senecal, Jeanne D'Arc Gravelle. 1r, 130; 2r, 160; 3r, 165; r.a., 458
Shacklock, Jean Grant. 1r, 151; 2r, 174; 3r, 175; r.a., 459
Sherwood, Brenda May Newbury. 1r, 547; 2r, 572; 3r, 573; r.a., 753
Shukoff, Eleonora Dudarowa. 1r, 640; 2r, 663; 3r, 670; r.a., 990
Smiley, Doris Margaret Turner. 1r, 201; 2r, 245; 3r, 248; r.a., 991
Smith, Georgina Joan Saunders. 1r, 182; 2r, 228; 3r, 245; r.a., 459
Somerville, Bernice Sylvia Sinclair. 1r, 138; 2r, 160; 3r, 166; r.a., 459
Sorba, Pierre Joseph Gabriel. 1r, 508; 2r, 536; 3r, 538; r.a., 753
Stamp, Robert William. 1r-2r; 432; 3r, 445; r.a., 559
Staples, Frank William. 1r, 473; 2r, 506; 3r, 509; r.a., 753

Stopnicki, Salla Weisman, otherwise known as Stopnicki, Sally Weisman. 1r, 640; 2r, 663; 3r, 670; r.a., 990
Strathy, Thelma Georgine Ferguson. 1r, 138; 2r, 161; 3r, 167; r.a., 459
Suchereault, Pierrette Bertrand, otherwise known as Pierrette Bertrand Chussereault. 1r, 255; 2r, 307; 3r, 339; r.a., 559
Sztesinics, Jean, otherwise known as Sztecsinics, Janos. 1r, 61; 2r, 98; 3r, 102; r.a., 458

Takacs, Mose. 1r, 585; 2r, 609; 3r, 611; r.a., 753
Tatelman, Rosy Fish. 1r, 585; 2r, 609; 3r, 611; r.a., 753
Taylor, Bryan Mills. 1r, 182; 2r, 228; 3r, 245; r.a., 459
Theroux, Viola Gertrude Elizabeth Boyd. 1r, 101; 2r, 129; 3r, 132; r.a., 458
Thomas, Gertrude Czerny, otherwise known as Thomschitz, Gertrude Czerny. 1r, 61; 2r, 98; 3r, 102; r.a., 458
Thomas, Margaret Isabella MacKellar. 1r-2r-3r, 909; r.a., 991
Thomschitz, Gertrude Czerny, otherwise known as Gertrude Czerny Thomas. 1r, 61; 2r, 98; 3r, 102; r.a., 458
Tremblay, Raymonde Gagnon. (Annulment). 1r, 473; 2r, 506; 3r, 508; r.a., 753
Trudel, Dorothy Vera Doyle. 1r, 560; 2r, 583; 3r, 586; r.a., 753
Tuke, Ellen Wilk. 1r, 640; 2r, 664; 3r, 670; r.a., 990
Tyson, Monique Andree Seguin. 1r, 640; 2r, 664; 3r, 670; r.a., 990

Ujvary, Helen Ann Kovach. 1r, 201; 2r, 245; 3r, 248; r.a., 991
Usher, Ruth Mary Morgenstern. 1r, 640; 2r, 664; 3r, 670; r.a., 990

Vadnais, Gaston. 1r, 508; 2r, 536; 3r, 538; r.a., 753
Volchuk, Lillianne Reed. 1r, 547; 2r, 572; 3r, 573; r.a., 753

Walker, Elisabeth Marguerite Le Febvre. 1r, 586; 2r, 609; 3r, 612; r.a., 753
Watson, Joan Elizabeth Healy. 1r, 548; 2r, 572; 3r, 573; r.a., 753
Weber, Sylvia Florence Van Straten. 1r, 130; 2r, 160; 3r, 165; r.a., 459
Welsh, Simone Alberta Chretien. 1r-2r-3r, 820; r.a., 991
Whiston, Henry Frank. 1r, 138; 2r, 161; 3r, 167; r.a., 459
Willard, Eddie Ronald Joe. 1r, 640; 2r, 664; 3r, 670; r.a., 990
Williams, Carol May Campbell. 1r, 786; 2r-3r, 787; r.a., 990
Wojciechowski, Witolda Poplawska. 1r, 182; 2r, 228; 3r, 245; r.a., 459
Wright, Allan Ray. 1r, 786; 2r-3r, 787; r.a., 991
Wright, Joseph Rolland. 1r, 255; 2r, 307; 3r, 339; r.a., 559
Wright, Marcelle Flore Terreault. 1r, 560; 2r, 583; 3r, 586; r.a., 753

Yerzy, Tanya Burstein. 1r-2r, 432; 3r, 445; r.a., 559
Yound, Marjorie Winifred Joyce White. 1r, 548; 2r, 572; 3r, 574; r.a., 753
Young, Suzanne Mary Florence Peyton. 1r, 560; 2r, 583; 3r, 587; r.a., 753

Zimendstark, Ida Shlafman. 1r, 473; 2r, 506; 3r, 509; r.a., 753
Zuk, Michael. 1r, 306; 2r, 342; 3r, 365; r.a., 559